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interest that can keep Senators up until after midnight discussing them.

Unless anyone else wants to comment on this subject, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MATSUNAGA. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

[The following proceedings occurred after midnight.]

#### SOCIAL SECURITY ACT AMENDMENTS OF 1983—CONFERENCE REPORT

Mr. BAKER. Mr. President, the social security conference report is here. I must tell Senators that I do expect a record vote on this tonight. I have been advised by more than one Senator that there will be such a request and, of course, the request will be honored.

I hope that the Senate can proceed promptly to debate this issue and to dispose of it. The adjournment resolution has been passed. It is now almost 12:10 a.m. I have no desire to cut off Senators or to truncate their remarks or statement of their position, but I do sincerely hope that we shall finish with this and be able to ask the Senate to stand in adjournment.

Mr. BAKER. Mr. President, I submit a report of the committee of conference on H.R. 1900 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 1900) to assure the solvency of the Social Security Trust Funds, to reform the medicare reimbursement of hospitals, to extend the Federal supplemental compensation program, and for other purposes having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the Record of today March 24, 1983.)

Mr. DOLE. Mr. President, I am pleased that we are able to lay before the Senate the conference report on H.R. 1900, the Social Security Act Amendments of 1983. The House and Senate conferees have been at work full time on this agreement since the Senate passed its version of this legislation, and I believe we have worked out a good agreement. For the benefit of the Members I would just like to outline some of the major features of this package.

#### SOCIAL SECURITY

Clearly the heart of this legislation is the package of provisions designed to assure the solvency of the social security system over both the short term and the long term. As my colleagues know, the basic features of both the House and Senate bills reflected the recommendations of the National Commission on Social Security Reform. However, there were some significant differences, and their resolution will be of interest to the Senate.

With regard to revenue provisions, the conference agreement implements the national Commission recommendations to tax social security benefits for certain higher income persons, accelerate payroll tax rate increases already scheduled by law between now and 1990, and conform payroll tax rates paid by the self-employed to the combined rates paid by employers and employees. The conferees agreed to the Senate provision to include interest from tax-exempt bonds in the taxpayer's income base solely for purposes of determining whether the taxpayers income exceeds the threshold for taxing social security benefits. In addition, the conferees agreed to a compromise with regard to the payroll tax credit provided for the self-employed as a partial offset to the higher rates that class of taxpayers will pay. The compromise goes much further than the House bill did in providing relief for the self-employed—the credit will be 2.7 percent of self-employed income in 1984, 2.3 percent in 1985, and 2 percent in 1986 through 1989. In 1990 and thereafter, a combined deduction and wage base modification will put the self-employed on the same footing as employers from a combined income tax and payroll tax standpoint. That is a good result, and it should be of greater benefit to the self-employed in the long run.

#### LONG-RANGE FINANCING

Mr. President, there were major differences between the House and Senate in dealing with the long-term financing problem. While the conference agreement will not satisfy everyone, there was real give-and-take on both sides. The conferees agreed to raise the retirement age to 67 years as in the House bill, rather than 66 as in the Senate bill. And rejected the accompanying benefit adjustments in the Senate bill. The House conferees also could not agree to accept the fail-safe mechanism that could have required cost-of-living adjustments if trust fund reserves fell below a certain level. However, instead the conferees would move up the stabilizer provision from 1989 to 1985. As Members know, this provision would provide cost-of-living adjustments based on the lower of wages or prices. Under the conference agreement this stabilizer would be triggered by a 15-percent reserve ratio before 1988, and by a 20-percent reserve ratio thereafter.

Finally, with regard to long-range financing, the conferees agreed to

modify the earnings limitation beginning in 1990. The change is to reduce benefits by a ratio of 1 to 3 against other income, rather than the 1 to 2 ratio under present law. While this does not do as much as we hoped to eliminate disincentives for the elderly to stay in the work force, it is a significant change in that direction, and a welcome one.

#### UNEMPLOYMENT COMPENSATION

The conferees agreed to extend the Federal supplemental compensation (FSC) program for 6 months (from March 31, 1983 to September 30, 1983). The program will provide additional weeks of benefits for current FSC recipients as well as a redesigned basic tier of benefits.

The conferees agreed to the Senate proposals modifying the cap and interest provisions in current law dealing with State borrowing. A new interest deferral is authorized as well as a reduced interest rate which is available to States taking substantial legislative action to restore the solvency of the State UI programs. Several provisions were adopted making changes in the date interest is paid and clarifying the authority of the Federal Government to collect the interest when due.

The conferees adopted provisions dealing with participation in training programs by FSC recipients. Training will be permitted unless the State agency disapproves such training.

Additionally, for recipients of extended benefits and Federal supplemental compensation benefits, the conferees agreed to a provision which permits States to determine weekly eligibility for such recipients who are hospitalized or serving on jury duty. A State would be required to treat these individuals in accordance with their own State unemployment compensation law.

#### MEDICARE PROSPECTIVE PAYMENT

Mr. President, finally I would like to note that the conferees reached a good agreement on a new prospective payment system for medicare. Payment rates would be developed for nine census divisions, with a separate urban and rural rate in each. Payments would be fixed based on classification by "diagnosis related group." This system would be phased in over a 3-year period. Capital expenses of hospitals would be included in the prospective payment system beginning October 1, 1986, based on a return to equity equal to that earned by the trust fund. Psychiatric, rehabilitation, long-term, and children's hospitals would be exempted from prospective payment, as would institutions in the territories.

Mr. President, all in all this is a good piece of work that I hope our Members will accept. We have not, by any means, achieved all we would have liked to achieve—but we have achieved a great deal, considering the urgency and political sensitivity of the problems we faced. Those Members who have a different view of how we ought

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to have proceeded have had an opportunity to make their views known and they have made a valuable contribution to the debate even when other views have prevailed. But now the time for debate is over, and the time to complete action on this legislation is here. The President is ready to sign the bill—we should not keep him waiting.

Mr. President, as my colleagues are aware, the Senate in its version of the social security financing bill agreed to make coverage of Federal workers contingent on the development of a supplemental civil service retirement system program. That decision was made when the Senate adopted the Long amendment by voice vote. As members also know, the Senate voted overwhelmingly to insure that Federal workers would be covered under social security.

Under the conference agreement, Federal workers will come under social security—that is, new hires—as of January 1, 1984. The requirement proposed by Senator LONG that coverage be made contingent on a supplemental civil service program was rejected by the House conferees, and the Senate conferees voted to recede to the House because of that objection. I would like to assure my colleagues who supported the Long amendment, however, that every effort will be made to insure that Federal workers are provided an adequate supplemental retirement system in connection with the requirement that new hires be brought into the social security system. I am sure the Senator from Alaska, Senator STRVINS, joins me in this assurance. There is not, and never has been, an intention to leave Federal workers with less than adequate retirement coverage. We will insure that Federal workers are treated fairly and squarely as they come into the social security system.

Mr. LONG. Mr. President, I cannot support the conference committee report on the social security bill because it will permit the transfer of General Treasury funds to the social security system.

I stated in October 1982, more than 3 months prior to issuance of the Social Security Reform Commission's recommendations, that I could not support any legislation that financed social security by merely increasing the national debt.

The concept of social security, when it was established under the Franklin Roosevelt administration, was that it should be a system wholly supported by the contributions of employers and employees. That has been the case up until now.

This legislation calls for an infusion to social security of \$48 billion from the General Treasury over the next 7 years. I consider this highly irresponsible and dangerous to the financial stability of our Nation.

Most of social security's financial problems were caused by Congress eagerness to liberalize benefits, relying

on rosy assumptions to pay the cost, coupled with the subsequent lack of courage to either fund its commitment with taxes, or to reduce future unfunded benefits when the optimistic assumptions proved to be erroneous.

What Congress now has done is open the floodgates to future massive infusions of General Treasury funds to social security. The general fund will soon be \$2 trillion in the red, and it is running up deficits at the rate of \$200 billion each year.

Such a procedure can only lead to needlessly high interest rates and reckless inflation. In the long run it will not save social security to undermine the faith of the people in the money of their government.

We cannot long keep the social security system afloat by bankrupting the Federal Government which has the burden of funding it.

There are other features which make the remainder of the bill a further travesty, but to go further at this time would merely confuse the issue.

I voted to report this bill out of committee with reservations, hoping that it would be improved on the Senate floor. My vote to send the bill to conference was cast with the forlorn hope that by some miracle the bill might finally be drastically overhauled and reshaped. That has not happened and, therefore, Mr. President, I refuse to vote for fiscal irresponsibility.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. EXON. Mr. President, I should like to ask my colleague from Louisiana to yield for a question. I listened with great intent to the remarks from my esteemed colleague from Louisiana. When I came to the floor a few moments ago, after essentially wasting my time all day, I had hoped that something would come out of the conference that I could vote for.

Let me phrase my question manifold. I voted for the social security measure that came out of the U.S. Senate not because I thought it was a perfect piece of legislation but because I felt that we had to do something constructive to make sure that those citizens of this Nation who rely on social security would be assured that their checks would keep coming.

Could the Senator from Louisiana please explain to this Senator, since he voted for the bill I assume that there must have been some rather significant change that took place during the conference that has caused the Senator from Louisiana to come back and make the statement that he just made. I would simply advise my colleagues that if my friend and colleague from Louisiana, who I consider most knowledgeable in these matters, finds it impossible to support this conference report, it is going to be most difficult for the Senator from Nebraska to go along with it.

Could the Senator from Louisiana kindly advise me in some more detail

than he did in his brief statement as to what happened in the conference report that evidently has caused the Senator from Louisiana to change his mind about support for the measure that passed out of this chamber with an overwhelming vote not very long ago?

Mr. LONG. Mr. President, to be absolutely honest with the Senator, it was not what happened in the conference that made the difference. One of the conference decisions that does go contrary to fiscal responsibility was dropping out the fail-safe amendment that we agreed to in the Senate. I am frank to say to the Senator that I told the Senate conferees that if to reach a conference agreement they needed to drop that provision, as far as I was concerned they could go ahead and drop it. I did not have any objection to their dropping the provision in order to get an agreement because I really did not think I was going to be able to vote for the conference report anyway. That was not said for the record, but I told that to the Senators in our own discussions.

The reason I did that was because I have had a chance to think about the bill. When I voted to pass this bill in the Senate and to send it to conference, I was hoping that I could yet find a way to vote for it, that we might shape it in such a fashion that I could. I had grave doubts about voting for it even though my colleague (Mr. JOHNSTON) voted against it when it passed the Senate. He consulted with me before he did that and told me his doubts about the bill, and I told him, frankly, he was probably right and that if I were him I would probably vote against it. Being one of the managers of the bill and a prospective conferee on the matter and hoping that somehow we might yet shape it up to something I could vote for, I voted for the bill to send it to conference just as I voted in the committee to report the bill, with reservations. It was announced in the committee I was voting with reservations.

Mr. President, here is what is wrong with the fail-safe provision in this bill. Once you establish a precedent, as this bill does, that you are going to make up the social security shortfall by just adding it to the Federal debt—once you start doing business that way, from that point forward suppose you did have a situation that my fail-safe amendment was aimed at, that you are not going to have quite enough money to pay the cost-of-living increase. Then, without fail, every time that would happen a Senator would rise on this floor and say:

Wait a minute, there is no need that these old people should have to settle for anything less than the full cost-of-living increase. All we have to do is to add the extra to the national debt and go ahead and pay it.

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Furthermore, every time a Senator wanted to pay an additional benefit without a tax to pay for it—and in years gone by I have been one of those Senators, back in the times when they had a surplus in the fund—he could rise up on the floor and say, "Let's pay grandma an extra \$10 a month; she needs the money," and offer the amendment and sometimes have good luck with it without any additional tax paid into the fund.

Any time someone wants to do that in the future, all he has to do is follow the precedent set by the House and the Senate committees and by the Presidential Commission, to simply say that we pay for the amendment by adding its cost to the national debt.

Just look at how the money is being funded, appropriated for the short run.

Here is a proposal that is in the bill now, one that we voted for. We would take the money that will be paid on an annual basis out of appropriations to take care of the increased amount that servicemen would get because of their service in the World War II. Instead of handling that with an appropriation year by year of about \$300 million, we just calculate how much that is going to cost over the life of those soldiers and transfer that amount to the trust funds now. And so you see \$22 billion added to the fund in 1983. That money is not going to be spent on those servicemen over a period of 50 years. That is going to be spent right now to take care of the shortfall in the fund. That is the big item the first year, in 1983.

But then you go on to 1984 and you see these other items, for example providing general fund transfers in lieu of a portion of the self-employment payroll tax. They raise the self-employment tax, but do the people pay all the higher tax? Oh, no. They give them a credit against the General Treasury for most of that amount.

They do not even say on the tax return that they paid it and get it back when they file the tax return. That is all taken care of in the complexity in the language, so they pay somewhat more than they were paying before, but you put a much larger amount in the trust fund as though a higher amount were paid. How much is that good for? Well, in 1984 that is good for \$900 million out of the General Treasury.

All right, then you provide general fund transfers in lieu of a portion of the employee tax. Well, the first year, in 1984, that is good for \$3.2 billion. Then you provide an increase in general fund appropriation for Federal retirement benefits to replace the amounts that new Federal employees will now pay in the social security system. In other words, you tell the new Federal employee, "Pay your money into the social security system and we will appropriate an equal amount out of the General Treasury to make that up to the Federal employee retirement fund."

It starts out as \$100 million, but it rises eventually to \$1.8 billion a year.

Here is an item: Transfer amounts raised from taxing social security benefits at the beginning of each quarter, based on estimated accrued liability in the upcoming quarter, rather than when the money is actually received from the taxpayer. That is good for \$800 million in 1985.

Then there is a big item: Estimate social security payroll taxes for the upcoming month and transfer that amount to the trust fund at the beginning of the month, rather than when taxes are actually received. That is good for \$12.8 billion in 1984 and lesser amounts thereafter.

Once you start doing business that way, it is such an appealing way to do it that even the Finance Committee, which I believe to be the most conservative and fiscally responsible committee in the Senate, faced with a complaint on the part of the self-employed that their tax is being increased, said, "Wait a minute. There's no reason to raise the tax so much on the self-employed. Let's give them a tax credit."

Where is the money coming from for that? Out of the General Treasury.

So we added several billion dollars of general revenue funding in the Finance Committee. I did not vote for it. I was not there at the moment. The Finance Committee already engaged in increasing the use of general funds to do some goodies like relieving the taxes the would otherwise be levied on the self-employed—and that is in the bill already.

We had Senators on the floor offering amendments, during the consideration of the bill, to pay for something by providing a tax credit. Where was the tax credit going to come from? From the General Treasury. There is no real general fund from which to take this. The general fund is \$200 billion in debt for the year we are facing now. You are getting the money by adding it to the national debt.

In earlier days we would say, you are printing money, you are issuing printing-press money. But it is not a printing press any more. They have numbers in these computers, so all you have to do is add a numeral into a computer at the Federal Reserve; you just say, "Let's pay them another \$100 billion of benefits, and we'll pay for it by increasing the national debt by an equal amount." All you have done is put an electric impulse in a silicon chip in a computer. Then you say, "We have \$100 billion more in the Social Security Fund."

Once we start down that road, I believe we are in trouble, and that why I cannot vote for the conference report.

Mr. EXON. Mr. President—

The PRESIDING OFFICER. The Senator from Nebraska yielded to the Senator from Louisiana, so the Senator from Nebraska is recognized.

Mr. EXON. Let me ask a further question of the Senator from Louisiana.

Were the concerns just expressed on the floor of the Senate by the Senator from Louisiana discussed at any length in the Finance Committee before this bill was reported to the floor of the Senate?

Mr. LONG. Representative ARCHER appeared before the committee and discussed these concerns. Former Representative Joe Waggoner, of Louisiana, who was a Presidential appointee to the Social Security Commission, appeared before the committee and gave us the substance of his minority report. The Senator will find the same problem discussed in his minority report.

I must admit that the full impact of those comments did not dawn on me when they first said it. If the Senator will read the transcript of the record, he will see that I was very concerned about the matter, but the full impact did not dawn on me at that time. The more I thought about it, the more I found it necessary to inquire into it, and the more I became concerned about it.

Mr. EXON. Mr. President, I am very concerned about this, because what the Senator has just said is something we should zero in on.

One of the reasons the social security system is in the financial difficulties it is in today is the fact that over the years, I suggest, a whole series of ornaments have been hung on that tree, the way we hang ornaments on a Christmas tree. They were never financed or paid for, and now we find ourselves in a critical situation.

Let me ask a further question. I understood from the reply that my friend from Louisiana gave me that at least those objections were not raised or fully discussed when the Finance Committee reported this bill to the floor of the Senate. Is that generally true?

Mr. LONG. I did not dwell on that subject, as one who voted to report it out of the committee with reservations.

Mr. EXON. Were the matters that are now being brought to the attention of the Senate by the Senator from Louisiana brought up in open debate on the floor of the U.S. Senate? I say that because I notice that Senator LONG's colleague, the junior Senator from Louisiana, voted the other way the other night. I thought that was a little strange, because I know of the relationship, and most Members of the Senate do, between the senior and junior Senators from Louisiana. Is it possible that this Senator from Nebraska was not privy to all the information that was available to the junior Senator from Louisiana from his senior colleague?

What I am asking is this: As one Member of the U.S. Senate, did I miss something in the debate on this bill, which the Senator from Louisiana is not bringing up, that I would have

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been attuned to if I had been listening better, or is this something new?

Mr. President, if it is true, and I think it is, that the Senator from Louisiana is now saying that he has been very concerned about this and that he now is opposing this, at this very late hour, because of the reasons he has outlined, then that is of grave concern to the Senator from Nebraska; because one thing I think we should not do is to attempt to fool the people of the United States that we are correcting something without relying on the general fund to bail out the social security system from the difficulty it is presently in, if we are not doing that. That is why I am asking the questions I am asking, because I think I am about to cast a rather important vote; and I am not going to vote for this unless I can be convinced that we actually have done something other than the net result of relying on the general fund to bail out the social security system in the near future.

Mr. LONG. I say to the Senator that, to the best of my recollection, I have not voted against a social security bill in 34 years. But I will vote against this one.

As I say, my reasons do not have much to do with the items that were in conference, or that were dropped in conference. I have been troubled about the matter of general revenue financing throughout.

While the Senator might not have heard much of it in my remarks, I think if he were listening to the Senator from Colorado (Mr. ARMSTRONG) discuss the matter, he would have picked up some of that.

I discussed this matter with one of the more conservative conferees on the House side, and I told him—

Mr. EXON. Mr. President, there is no order in the Senate. May we have order, so that I can hear the Senator from Louisiana?

The PRESIDING OFFICER. The Senator is correct. The Senate will be in order.

Mr. LONG. I told that particular House Member I felt that perhaps I had been derelict in my duty to the Senate because I had not opposed the bill on that basis at an earlier point. He told me not to worry about it. He said he had been opposing it on that basis for months.

He had made the points until he was blue in the face, but he had achieved nothing on the House side, and I should not worry about the fact that I had not stressed the point prior to this in this Senate.

I do think if I had to do it over again I would have made this point to Senators when the matter was before the Senate, and having failed to do it perhaps I owe the Senator an apology. But at least I am explaining it now, because I do not feel that I can vote for the bill as much as I would like to vote for a bill to help solve the financing problems of social security. I do not think this is the way we should do it.

I am just one person who has his own conscience to live with. I cannot vote for this conference report. I explained to the Senator why I could not.

Mr. ARMSTRONG. Mr. President, will the Senator yield?

Mr. EXON. I am going to yield the floor in a moment.

I thank my friend from Louisiana, and my line of questioning I think clearly indicated that the Senator from Nebraska was not particularly pleased, that he did not feel he had been properly advised by the ranking minority member on the Finance Committee. The Senator from Louisiana, though, has said it very well. He felt that this is the time to lay it out.

I have great respect for his judgment. I am very pleased that he laid out his concerns at this time which I think is helpful to all of us, and I thank him for his candor.

I yield the floor, Mr. President.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, I wish to take just a few minutes to talk about what the Social Security Commission recommended and the conference agreement we have on the Senate floor right now.

We have in this agreement what the Social Security Commission recommended. Some are concerned about the use of general revenues. The bill is just the same tonight as it was last night on general revenues. We did not change a thing in conference pertaining to general revenues.

I do not quarrel with the Senator from Louisiana for indicating his concern about the use of general revenues. But I wish to assure the Senator from Nebraska and others that there is no change in the Senate's position on any of those provisions. The House bill is the same as the Senate bill on those provisions so they were never in conference.

What I wish to focus on is what we have before us. Everyone can find something wrong. But not everyone can be a conferee and not every conference can please everyone in the Senate.

We have what I believe is a good package. I did not want to raise the retirement age to 67. However, it is not going to happen for 40 years. I think we should look at it in that light.

I was satisfied with the fail-safe provision of the Senator from Louisiana. However, after 4 or 5 hours in the conference there was no way that the House of Representatives would buy that fail-safe provision. The Senator from Louisiana told us at that point in the meeting of our conferees, "If the fail-safe is a problem, put it out on the table," and we did that. In return for the loss of that fail-safe, we obtained a concession on the stabilizer. The stabilizer was not to take effect until 1988 and now it will take effect in 1984. To me that was a fair trade, not quite as good as the provision of the Senator

from Louisiana, but a fair trade. We traded a horse for a horse, not a horse for a rabbit.

There is not a single change in this bill on taxing benefits. That provision has not changed one bit since it left the Senate Chamber. There is not a single change on the acceleration of payroll taxes. It has not changed one bit since it left the Chamber. There is not a single change in the COLA delay. It has not changed one bit since it left the Chamber last night.

The one change that some Senators approved and some do not approve is bringing in Federal workers. I can tell my colleagues now that I visited yesterday morning with some of the union people who represent Federal unions. I asked them, "Why do you not work out something so that we can accept the Stevens amendment and fight for that in conference?" The union people said, "You know, we do not have any problem. We just want to take our chances on the Long amendment and see what happens." As Senators know, the Stevens amendment lost by five votes.

The House of Representatives was adamant about this coverage provision because it was the National Commission's recommendation that new Federal hires be brought into the system.

Tonight we have almost precisely, with some improvement, what was recommended by the National Commission. Yes, there are some general revenues in the package but they were there when the recommendations were made by the Social Security Commission. They were there in the Finance Committee amendment. They were in the Senate amendment last night, and they are in the bill before us tonight. They have not been changed. They have not been increased.

We have also done a great deal in the area of unemployment compensation. We have special provisions for West Virginia, special provisions for Michigan, special provisions for Illinois. And we provide a lot of coverage and benefits that are going to start coming due April 1. We have to pass the bill.

On prospective reimbursement under medicare, I think we have a good package. The Senator from Minnesota, who was not a member of the conference, was there to help us on that.

We have an alien provision that was not in the House bill. It is not as strong as the one we had in the Senate amendment, but we worked today with Senator GRASSLEY, the Senator from Iowa, who in turn contacted the Senator from Indiana, Senator LUGAR, and the Senator from Maine, Senator MITCHELL, and now we have an alien provision. We have accommodated the Senator from Hawaii in that provision and he is no longer concerned with the provision in this bill.

We accommodated the Senator from Washington, both Senators from

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Washington, on the paymaster provision that they thought was very important.

I believe if Senators look at the entire package that someone can find some fault. It is not the way they want it. It is not the way I want it either. But I defy anyone who has ever been to a conference to come back and say, "Oh, we got all we wanted."

I preferred raising the retirement age to 66. To get age 66, the Senate bill had to make some changes in the bend points, benefit reduction. I think changing the age to 67 is a benefit reduction. But the House of Representatives was convinced that since it had a vote on that age, they could not go back and say we are going to take 66. I even tried 66½. It seemed like a compromise—we had 66, they had 67. I assumed we split the difference in some of our conferences. So we tried 66½. But they would not buy it. That was without any benefit formula changes in the next century.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. LONG. Mr. President, permit me to say to the distinguished chairman of the committee and the chairman of the Senate conferees, I hope he understands that nothing I have said about this matter is intended to reflect upon him or any other member of the conference. As the chairman of the conferees, the Senator did his utmost to uphold the Senate position. And although some of us may be disappointed that the Senate did not prevail on more of its provisions, my objection and the reason that I shall vote against the conference report, as the Senator correctly stated, has to do with the initial bill and the general financing phases of it which I simply came to understand better and better as the matter proceeded through the legislative mill. I do not for a moment question the good intentions and the very fine way in which the chairman of the committee has conducted himself, and I think the Senate is indebted to the chairman because he did faithfully defend the Senate position and I think we all are indebted to him for that.

Mr. DOLE. No; I appreciate that very much, and coming from the Senator from Louisiana I doubly appreciate it. Certainly I appreciate the Senator's assistance in the conference. I do not suggest that the bill is perfect. The Senator from Louisiana said he has been focusing on the general revenue aspect of the financing package for some time and he is coming down on the side of saying, "Well, I cannot accept it." That is the principle the Senator from Louisiana has held for a long time.

I was not here at the beginning of his speech. I know when President Carter suggested general revenue funding the Senator from Louisiana said no. We had that battle in our committee, and I joined the Senator

from Louisiana in opposing such a solution, so I know a little about that.

Some are saying we did not get all we should have on the SECA tax. As the Senator from Louisiana and the Senator from Nebraska pointed out, that is taking money out of general revenue for tax credits for the self-employed.

The Senator from Missouri worked very hard on that, and he is going to speak on it. He is not perfectly satisfied with what happened. However, let me repeat that we insisted that the House Members vote on that provision because we were told that they had enough votes to come around to our position. But I could not detect that in the vote. It was a rather weak voice vote, and the chairman announced that he prevailed. The chairman can do that from time to time, and he is an outstanding chairman. The chairman of the Ways and Means Committee is a good man.

I believe that under the so-called SECA proposal, we did quite well in the conference agreement. Someone with \$15,000 in income would pay a SECA tax under present law of \$1,478. The Commission would have raised that to \$2,100. The House bill would have said \$1,785 and the Finance Committee said \$1,665. So the conference agreement results in a \$30 difference. I think we have come most of the way.

Mr. President, I ask unanimous consent that a table be included in the Record.

There being no objection, the table was ordered to be printed in the Record, as follows:

EXAMPLES OF 1984 TAX BURDENS OF SELF-EMPLOYED INDIVIDUALS UNDER VARIOUS PROPOSALS

[Assumes that individual is unmarried, has no itemized deductions and has no income other than self-employment income]

	Income—	
	\$15,000	\$30,000
Present law with speedup:		
SECA.....	\$1,487	\$2,955
Income tax.....	1,801	3,773
Total.....	3,279	8,728
Commission proposal with extension to HI:		
SECA.....	2,100	4,200
Income tax.....	1,591	3,136
Total.....	3,691	9,335
(Increase over present law).....	(412)	(607)
House bill (2.1 percent credit):		
SECA.....	1,785	3,570
Income tax.....	1,801	5,773
Total.....	3,586	9,343
(Increase over present law).....	(307)	(615)
Finance Committee bill (2.9 percent credit):		
SECA.....	1,665	3,330
Income tax.....	1,801	5,773
Total.....	3,466	9,103
(Increase over present law).....	(187)	(375)
Conference agreement (2.7 percent credit):		
SECA.....	1,695	3,390
Income tax.....	1,801	5,773
Total.....	3,496	9,163
(Increase over present law).....	(217)	(435)

Mr. DOLE. So, Mr. President, I know some are disturbed because the new Federal hires are included in this bill. But again that was a Commission recommendation. Democrats and Republicans and others said, "OK, if the system is going to work, we are going

to bring in new hires." Maybe we should not have done that, but that was the position of the House, and they were adamant on that.

I happen to think it is a good provision. I visited again with some of the labor representatives following that decision and I can say that they are not too upset. They gave it a good shot and they lost. Now they are going to try to work out the supplemental plan with the committee of that jurisdiction, which happens not to be the Senate Finance Committee.

So, Mr. President, I believe that having participated in the conference and having been on the Commission, I can tell you honestly that I think everything the Commission recommended is in this bill. In fact, there is some improvement because when we gave up the fail-safe we tightened up the so-called stabilizer. I would like to convey to the Senator from Montana that I tried on his amendment. I could not find one House Member who would take up the battle. But that happens in a lot of conferences.

I hope that my colleagues will take a look at this and decide that this is an opportunity, not a perfect one, but an opportunity, to say to people "We believe in the system." I am not going to stand up and say, as some were saying, "We took care of it for 75 years," because I know what happened in 1977. We said we would take care of it for 40 years, and 4 or 5 years later we were back saying we did not do enough.

Mr. President, I hope we might adopt the conference report. It has just received an overwhelming vote in the House, 243 to 102. It passed with a greater than 2 to 1 margin and I think that is an indication that it has broad support.

Mr. HEINZ. Mr. President, I rise in support of the conference report on H.R. 1900. This bill will restore solvency to social security. It should insure, under our current economic forecasts, the financial integrity of the old-age, survivors, and disability insurance (OASDI) trust funds for both the rest of this decade and the foreseeable 75-year future. It is a bill which reaffirms the soundness of the basic structure of social security by making only minimal adjustments in the program to restore the program to a sound financial footing.

Mr. President, I am pleased that the Congress has been able to move quickly to enact this legislation and provide beneficiaries and workers, who have feared for the future of the social security system, the reassurance that the system will remain solvent in the future. The most serious problem for social security has not been the short-term financing problem or the long-term financing problem, but rather the loss of public confidence in the social security system itself. In the last few years, the proportion of the population between 18 and 49 with little or no confidence in the future of social

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security has increased from just under half to over three-quarters. This massive loss in public confidence threatens the compact across generations that is the basis for the entire social security program. Growing doubts about the future of social security weaken the willingness of workers to support the payroll tax which finances the system.

The bill before us represents a dramatic step toward restoring public confidence in social security. For the first time in more than a decade, with the enactment of this legislation, there will be no projected long-run or short-run financing shortfall in social security. Just as importantly, despite several years of public debate and political stalemate which have preceded this legislation, the Congress has demonstrated this year that it can work responsibly and in a truly bipartisan fashion when necessary to maintain a vitally important public commitment to present and future generations of retired Americans.

This legislation provides adequate financing for social security without placing an undue burden on any single group of beneficiaries or taxpayers. Ultimately there is no painless solution to social security's financing problems, but this bill spreads the burden about as evenly as possible. About a third of the \$105 billion in new financing would affect employers and workers, a third would affect other accounts in the budget, and a third would affect beneficiaries. Because the financial burdens are broadly shared, they are minimal for any particular group of individuals.

In addition, it is worth noting that despite the urgent need for changes to improve social security financing, the Congress also has taken this opportunity to make some changes to improve the program as well. There are four provisions in this bill which improve benefits for divorced, widowed, and disabled spouses—improvements that have been long overdue. In addition, there are two provisions which will provide better incentives for older workers in the future who wish to continue working beyond the normal retirement age. The first liberalizes the earnings test somewhat, to improve social security benefits for those who continue earning some income after they begin receiving social security benefits. The second incentive is a gradual increase in the delayed retirement credit so that workers who delay their retirement after age 65 will no longer lose the full actuarial value of their social security benefits as a result.

Mr. President, I think this legislation will provide the necessary tonic for our ailing social security system. On balance, I believe it is a fair and reasonable compromise solution. As in any compromise, however, good proposals were lost in the interest of forging a package which would be acceptable to both Chambers. There were five areas in particular where I feel

the Senate was forced to recede with respect to worthy ideas, and I truly regret that we could not come to the floor tonight with legislation that included these provisions from the Senate bill.

Most importantly, the Senate had to recede on its solution to the long-run financing problem. In my judgment, the Senate version was much better than the House provision we accepted which raises the retirement age to 67 by 2021. The provision passed by the Senate involved raising the retirement age to only 66, gradually phasing in the increase between 2000 and 2015. This increase in the retirement age was coupled with an across-the-board 5.3-percent reduction in the basic benefit amount, gradually phasing in the reduction between 2000 and 2006.

Our provision had several advantages over the House bill. First, it involved only a 1-year increase in the retirement age in recognition of the fact that, though many may choose 20 years from now to work longer, there will continue to be workers with poor health, low skill levels, and inconsistent work histories who will be physically unable to work or will be unable to find employment when they are older. The 1-year increase in retirement age would have avoided unfairly penalizing these workers. Second, the combination of these two provisions would have spread the burden of the additional financing across a broader group of individuals, with a less severe effect on any particular group. While the retirement age increase would be a reduction in benefits for retirees only, and a reduction concentrated most heavily on those who take early retirement; the 5.3-percent reduction in the basic benefit would have affected all beneficiaries—retirees, survivors, and the disabled—equally. The combination of the two would have protected survivor and disability beneficiaries without placing an unfair or undue burden on retirees of the future. Third, the combined effect of these provisions would have resulted in a less severe reduction in benefits for any particular beneficiary in the future. While raising the retirement age by 2 years will eventually reduce monthly benefits by 13.3 percent for someone retiring at 65, the combination in the Senate bill would have reduced benefits by only 11.6 percent for someone retiring at age 65.

Mr. President, I ask unanimous consent to insert a table in the Record.

There being no objection, the table was ordered to be printed in the Record, as follows:

COMPARISON OF THE EFFECTS ON MONTHLY SOCIAL SECURITY BENEFITS OF THE LONG-TERM FINANCING PROVISIONS IN THE HOUSE AND SENATE VERSIONS OF H.R. 1900

Year	Percent reduction in monthly benefit amounts			
	Retirement at age 62		Retirement at age 65	
	House <sup>a</sup>	Senate <sup>b</sup>	House <sup>c</sup>	Senate <sup>d</sup>
2005	8.25	7.08	13.3	3.50
2015	8.25	11.20	6.67	11.69
2025 and after	12.30	11.20	13.33	11.60

<sup>a</sup> House version increases the normal retirement age from 65 to 67 between 2005 and 2025 in 2 steps.

<sup>b</sup> Senate version increases the normal retirement age from 65 to 66 between 2005 and 2015, reduces basic benefit amounts by 5.3 percent, gradually phasing in the increase between 2000 and 2006.

<sup>c</sup> Source: Social Security Administration, Office of the Actuary.

Mr. HEIMZ. In short, Mr. President, I believe the Senate had a better long-run financing proposal—one that would have been fairer and more equitable. But unfortunately the House proposal to raise the retirement age to 67 prevailed.

Mr. President, I also regret that the House conferees were not willing to accept the Senate provision which would have completely eliminated the earnings limit in social security by 1994. Fortunately, the rate at which social security benefits are reduced for earnings was lowered somewhat in the conference agreement, so that those with earnings just over the \$6,600 limit will not face such a large marginal tax rate. But I am concerned that we have not done enough.

The earnings limit, or retirement test, is a powerful factor in forcing older persons who want to work out of the labor force. Many people, in fact, believe that they will lose their entire social security benefit if they earn more than the limit. Continuing to discourage older people from working is neither good national policy, nor does it conform with the interests and wishes of older persons themselves. We need to change these disincentives if we are going to encourage productive older persons to stay in the work force, to contribute to our economy, and to continue to meet their own economic needs in independence and dignity. By failing to raise the earnings limit I fear that we have missed an excellent opportunity to provide encouragement to older workers.

I am also disappointed that the House conferees refused to agree to the Senate tax credit for the self-employed. In my judgment, the Senate provision would have reduced the amount of net tax increase for the self-employed resulting from the increase in self-employment social security tax rates. Although I have supported the notion that the self-employed should contribute for their social security benefits at the same rate as the employer-employee, I have also felt very strongly that this adjustment should not significantly raise the tax burden for the self-employed. I am particularly concerned that the net in-

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crease in taxes not be too large in the first few years. Unfortunately, the House provision which was adopted provides a smaller tax credit in the initial years than the Senate provision. I can only hope that this smaller credit will not result in an excessive and unfair added tax burden for the self-employed.

Mr. President, I must say I also regret that the House conferees were unwilling to accept the very limited exemption from social security for employers and employees who are conscientiously opposed to accepting insurance. My amendment, incorporated in the Senate bill, would have permitted mostly Amish employees who worked for an Amish employer to avoid paying contributions to social security. While I believe coverage under social security should be universal, I also believe that we should respect the religious convictions of our citizens, and where these convictions conflict with the law, make an effort to exempt them if possible. In this case, the Amish would have waived their right to all future social security benefits. Their convictions would have placed no burden on their non-Amish neighbors. I think it is shameful that we were unable to make this adjustment in the law, which to the Congress is so minor, and to the Amish is so important.

Finally, Mr. President, although I am pleased that the conference agreement would remove the social security trust funds from the unified budget in 1992, I regret that the House conferees insisted upon removing the two medicare trust funds—HI and SMI—along with the OASDI trust funds. The medicare program is really quite different from the cash benefit programs. First, there is not the inherent relationship between the workers earnings and the benefits received under medicare that there is in OASDI. More importantly, the medicare program faces extremely serious financing problems beginning in the next 2 or 3 years—problems which have not yet been addressed in legislation. It is quite possible that the entire system of financing medicare will need to be restructured in the near future to assure its financial health. Since this effort will in all likelihood involve spending and revenue decisions quite different than those which might be made for a stable, well-financed retirement system, I believe it was inappropriate for the House to decide to move this program outside the unified budget at this time.

Despite my concerns about these specific elements of the conference agreement, Mr. President, I believe this legislation is, all things considered, a reasonable solution to our pressing social security financial problems. It will meet the financing needs of this program in this decade as long as the economy performs as well as or better than our purposely conservative projections for it. And in the long run, this legislation will resolve the fore-

casted 75-year deficit in the program. I commend all of my colleagues who have worked so hard to complete this legislation. With its passage tonight we can demonstrate once again to today's younger workers our commitment to preserving the social security system.

Mr. President, I will just say very briefly that when the Senator from Kansas says that this conference report is better than the original provision agreed to by the President, by the majority leader, by the Speaker of the House, and the majority of the members of the National Commission on Social Security Reform, he is right. This is better, and it is better for one reason principally which he has referred to and that is it has a better stabilizer. It is more likely to do the job even than that which the Commission, with the President's concurrence, recommended to this and the other body.

Yes, I know there are probably some things in the bill we would all like a little bit differently. I was the principal architect of the long-term provisions where we had a balance between raising retirement age 1 year, reducing the replacement rate by about 5 percent, and then bringing in much faster the delayed retirement credit and phasing out much faster the retirement test, and I would be dishonest with you if I did not say our provision was better than the House provision, going from 65 to 67. I think we have a better provision in terms of incentive for people to work because of the delay in retirement credit phasing because of the phaseout of the retirement test.

I think we spread the burden around in terms of slowing the growth of benefits a good deal more evenly, not a great dramatic difference perhaps, but more evenly.

I would have liked to have seen that prevail. We lost most of the speedup from S. 1, the delayed retirement credit, but what we have in this bill is exactly what was in S. 1, the delayed retirement credit.

We have a better provision of the retirement test that was in S. 1 but not as good as what we sent to the House.

I regret we lost that but on a balance this bill is a reasonable bill and it complies with about everything the National Commission recommended.

So, Mr. President, I hope my colleagues will join us in supporting this. It is a good start and it is going to do the job, and I guess that is the best we could really ask.

Finally, one last observation: I think the Senator from Kansas did a superb job, as did the Senator from Louisiana and the other conferees, Senator DANFORTH, Senator CHAFEE, Senator MOYNIHAN, to name just a few. The Senate conferees rigorously upheld at every opportunity the Senate position. I have never seen a more faithful group of conferees, and we did not lose

every battle. We got about halfway in most of these cases.

I think you can always ask to do better but when you go through negotiation you are not going to win them all and we did not.

Well, Mr. President, I thank the Senator from Kansas for yielding and I commend him on his good work.

Mr. DOLE. I will yield for a question.

Mr. EXON. I thank my friend. One brief question: Please clarify for me one of the other parts of this which seems to have a great deal of confusion. The House, as I understand it, would not put language in the bill that deleted the payments of social security to illegal aliens. We included that on this side. During the explanation by the chairman of the committee he said something about illegal aliens. As I understand it, we basically came out of conference with the House position that we essentially would continue to make social security payments to illegal aliens. Am I misinformed or is that accurate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. DOLE. I will just say to my distinguished colleague there was no House provision on illegal aliens. We did not get everything we wanted in illegal aliens, but they had no provision.

Mr. EXON. I would simply inform my friend from Kansas that one of the Congressmen from my State introduced such a proposal and was turned down in that committee so you would not know about that. But is it not true that we did address that matter on this side and we went to conference with the provision that would have provided for not paying social security to illegal aliens, and was not that basically eliminated in the conference?

Mr. DOLE. It was modified.

Mr. EXON. That is what I want. Was it just watered down or did we sink the ship.

Mr. DOLE. No, it was modified. The ship did not sink. I must say that even on the Senate side there were different views on illegal aliens. The Senator from Kansas was a strong supporter of the Senate position and we indicated to the House conferees we could not come back to the Senate without a substantial provision on illegal aliens. So I contacted the Senator from Iowa, Senator GRASSLEY, who has a dominant interest in this, and I understand he contacted some other Senators. He came to the conference. He discussed it with staff. He discussed it with Mr. Svahn of HHS, the former Social Security Commissioner, and advised us that he was satisfied with the provision.

Mr. EXON. The Senator does not have to satisfy him, he has to satisfy me.

Mr. DOLE. I understand.

Mr. EXON. That is the reason for the question.

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Mr. DOLE. Let me find the committee report language and I will come back to that question.

I yield to the Senator from West Virginia. I will yield the floor.

Mr. RANDOLPH. Mr. President, I ask for the floor.

The PRESIDING OFFICER. The Senator from West Virginia is recognized. Before the Senator begins, the Senate will be in order.

Mr. RANDOLPH. Mr. President, no comment that the Senator from West Virginia now speaking is to make will change a single vote in the Senate. I make, however, this very, very brief statement. My colleagues, I will reaffirm my vote of 1985 for social security. That legislation passed in the House of Representatives by a vote of 372 to 33 on April 19, 1985. The Senate, on June 19, passed the measure by an impressive vote of 77 to 6.

We have all, I believe, studied the subject matter very, very carefully. I think that I have given even more personal attention away from the floor to reading the remarks of my colleagues, to talking with many constituents on this matter, than almost any measure that has been before us in recent months, perhaps in recent years.

I will, Mr. President, vote for the conference report. I believe that we must be realistic in this crucial hour. I believe that, on balance, the Senate will do well—not all of us satisfied, of course—to act as the House of Representatives has acted, act, yea, in the affirmative, forward the bill to the President, which he will sign into law. We have then acted in both bodies in the best tradition of this historic bill. We know that not all the provisions suit us. I trust I do call for a unified vote, although there will be votes against the report here as in the House. I respect differing conclusions of my colleagues.

I thank my colleagues for their attention.

Mr. ARMSTRONG addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ARMSTRONG. Mr. President, as I reflected on what I might say to the Senate on this occasion, I could not help recall what Samuel Goldwyn was supposed to have said on a similar moment. He said, "I am sick and tired of these old cliches. Get me some new ones."

Well, I have not been able to come up with any new cliches and I am not really eager to try to persuade anybody to my point of view. But I do want to explain my point of view because 2 or 3 years from now, if we should happen to be back in this Chamber doing another once in a lifetime shoring up of the social security system, I would like to have a record of the fact that at least some Members knew that was likely or at least possible to happen.

Last night, I voted for the passage of this bill. I made no effort to make any

public explanation of it. Afterward, a number of the Members of the Senate expressed some surprise that I had voted for it because I had vigorously criticized certain provisions of it.

I criticized general fund financing that was included in this bill. I associate myself completely with the observations of the Senator from Louisiana. That is a threshold I never wanted to cross. I think it is a mistake to cross that threshold. I think it is bad public policy. Yet, last night I was prepared to do so in voting for this bill, even though I have been against it right from the start.

I criticized the tax provisions in the bill. And there is, and was last night when I voted for it, an enormous increase in taxes. A payroll tax increase which comes on top of a quadrupling of payroll taxes in the 1980's and another tripling that is already in the law, a twelvefold increase in two decades of the payroll taxes. And last night I was prepared to vote reluctantly for a further increase that is proposed in this bill.

I voted last night to tax the benefits of people after I had voted, along with I guess every other Member of the Senate less than a year ago, not to tax benefits. I was prepared to give a lot of ground, to swallow all of these things for two reasons.

First, I thought it was critically important that we get a bill and, second, because I could honestly say at home or in this Chamber or in the press or anywhere that this is a bill that we can depend upon to put social security on a sound fiscal basis, a sound basis. I could even remember what happened in 1977 to Jimmy Carter and all the others who said that was a once-in-a-lifetime reform and we would never revisit that issue and I thought a lot about it before I made the statement.

But, based on what was before us last night, I could say, any Senator could say, the actuaries could say, that this bill is solid, and under any reasonable foreseeable circumstances we are going to put social security on a sound basis. And that means the retirees are never going to have to be uncertain again under any reasonably foreseeable economic circumstances.

And it means that the taxpayers, particularly the younger generation of working men and women, who are really restless about the rising burden of taxes that has been imposed upon them, that we could say to them, "Look, social security is solid. It is solvent. It is going to be there when you retire. Be of good spirit as you pay the taxes. It is a fair deal."

That is why I voted for this last night.

Well, they went to conference today and they did a lot of things I did not approve of. I heard, for one thing, they did away with the amendment which I thought was not controversial—I had hoped it would not be controversial—as to the phaseout of the retirement earnings test. That really

disappointed me because getting rid of the retirement earnings test has been one of the most important objectives that I had in consideration of this social security bill and I judge that the retirement earnings test is one of the most unpopular and unfair provisions of social security. And they did away with it. Well, I was prepared to swallow that, because the fund was still on a sound basis.

Now, then I heard they did away with the dropout year provision which we put in. This is not going to mean anything to some people, but to a few million mothers who have to take a couple of years off to care for children in the 1980's and the years after the turn of the century, that is going to be important. And there are several million of them. I hated to hear that they had taken that out of the bill. That is an important liberalization of the benefits. But I could swallow that.

I was sorry when I had heard they did away with a little modest element of relief we had granted to small businesses, just letting them deposit their withholding a little later to give them a chance at least to get their feet under them and to have 15 days or so after the close of the month to deposit their taxes. But I could swallow that.

But, my friends, when I heard that they had taken the fail-safe out, I cannot swallow that. That gets to the stomach turning point as far as I am concerned. Because with the fail-safe out, we cannot be sure we are not going to be back here in 1985 or 1986 patching up this system.

Again, I do not mind making sacrifices and I am prepared to go home and say to my taxpayers:

Look, I fought to keep the tax increase out of this, but you have got to go for it. We had to do it because we have to put social security on a solvent basis. We have to shore up the system and we have to restore the public faith and credibility in the system. It has not only got to be prudently safe, it has to appear to be safe.

But I cannot say that once the fail-safe has gone.

Now, the Senator from Louisiana who put the fail-safe in the bill in the first place is modest about the impact of that. But the fact of the matter is for many of us that was the final centerpiece of this bill, because that said that if the trust fund got in trouble, if our economic projections are a little too rosy and if things did not go as we thought, that the checks would still go out on time and there would just be a little restraint in the cost-of-living benefit adjustment increase.

And, significantly, in proposing this, the Senator from Louisiana held harmless the beneficiaries who receive the smallest monthly amount because the way he structured it we pay 100 percent of the cost-of-living adjustment for the first \$250 of basic benefit levels. So we did not hold harmless the people who might be getting \$800, \$900, \$1,000, \$1,200, even \$1,400 a month for a couple on social security

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benefits. They give a little restraint on their COLA if the trust fund got into trouble, but not the person down to \$250 or \$300 a month. We took care of them.

The effect of dropping that out of the package is simply to leave in doubt whether or not we can make it through 1985 and 1986.

Now, that is my opinion, but it is not just my opinion. That is the opinion of the experts, because before I came to the floor to advise my colleagues that they run the risk as they adopt this of not having the fund on a sound basis, I consulted not one but two experts, and not just two experts but the two foremost experts I personally know on this subject, the two men who are in the position of professional expertise to know the most about it.

I asked them this question: I said:

Last night I told some of my colleagues who sought my advice that with that fall-safe in the bill, it was a virtual certainty that social security would be on a sound basis and we would not have to come back and patch it up at any time in the decade, that with any reasonable circumstances we would make it through. Is that true?

They both agreed, "Yes, that is true."

I said, "Can I make the same statement after they take the fall-safe out?"

They said, "No, you cannot."

I said, "What statement shall I make? What shall I tell them if anybody wants to know about this?"

What I was told was this: "There is no certainty that the thing is going to default. There is no certainty that we are going to go off the cliff in 1985 or 1986. But there is," and I quote exactly, "a significant possibility that precisely that will happen."

Therefore, after 2 years of fiddling around with this thing and debating and jockeying for position and terrorizing 36 million people around this country who are wondering is their social security benefit going to be safe or is it going to be held hostage at some point of deadline in the future as it has been so often in the past, we are right back where we started.

I am not going to vote for all of the things in this bill, most of which I do not approve of, when the bottom line is that we are really not sure we are solving the problem, that we might be back here—

Mr. DANFORTH. Will my colleague yield?

Mr. ARMSTRONG. I will yield in a moment—that we might be back here in 1985 or 1986. That is why I will vote against it.

My closing remark is, Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. ARMSTRONG. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, I would like to point out that the bill that passed last night was not as solid as the bill before us today.

The bill that passed last night was \$9.3 billion short in the short run and in long-run deficit 1.2 percent of payroll (almost \$3 billion per year for the next 75 years).

The actuaries tell us that these short falls have been eliminated in the conference bill in both the short and long range.

The Senator from Colorado expressed displeasure with the fact that the retirement earnings test is not phased out in the conference report. In fact, the conference report liberalizes the retirement test in 1990—the same date as in the Senate bill. Rather than phasing out the test, the conference report liberalizes the test so that instead of penalizing an elderly worker by \$1 in benefits for each \$2 they earn, they will have benefits reduced by \$1 for each \$3 of earnings. This substantially reduced the penalty for working—while admittedly not going as far as we would have liked.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, my distinguished colleague from Louisiana has referred to the fall-safe. That is the deficit problem. As long as you have deficits, which we will have for many years to come, then the social security payments will be made. There is a difference between the funds being sound and the recipients being soundly paid. We are going to do the latter.

Two years ago, when we raised this question in the Budget Committee, many of the blue ribbon commission and others questioned that the social security trust fund was even in trouble, and we cautioned at that time, Mr. President, that before long we were going to be using general revenues to pay social security benefits. They said, "Do not worry. That will never occur."

Now the distinguished Senator from Louisiana has shown us that this fear has come true.

He put my statement into the Record on last evening. I am grateful to him.

I want to associate myself with his remarks. We have now not only taxed the benefits but now we have gone into the general revenues to pay benefits. We are on a means tested program and, in reality, then, instead of this evening crossing a historic milestone and solving the social security problem, and reestablishing the people's confidence in the solvency of the social security system, on the contrary we are really now starting to create the problem.

They will learn that it is not only means tested by taxes, but they really are going to the deficit each time benefits are paid.

If we do get in trouble, I say to the Senator from Colorado, in 1985 or 1986, we will just come back to the

general fund because the precedent has been set to finance benefits from the deficit.

The only thing we have to fear is the lack of fear of deficits in this national Congress. We are going on willy-nilly. This social security bill adds \$48 billion over a 7-year period of general revenues, about a \$7 billion a year in a new spending program, unable to be financed out of the trust fund. Therefore, I will oppose the conference report. I thank the Chair.

Mr. DANFORTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. DANFORTH. Mr. President, I will vote for the conference report. I have supported this bill from the outset. I was one of the original co-sponsors of S. 1. I believe this is the only responsible alternative we have. But I would like to point out the fact that while we have made the effort and have succeeded in holding harmless employed individuals from the effect of tax increases on them, we have far from held harmless those who are self-employed. We have provided some credit on income taxes for social security taxes paid. But the net effect of the conference report that is now before us is that for a self-employed, unmarried person with an income of \$15,000, we are increasing the total tax liability of that individual by \$217.

For a self-employed, single individual with a \$30,000 income, we are increasing that individual's net tax liability by \$435.

Mr. President, the effect of this will be that when, for these individuals, the social security tax and the income tax liabilities are added up, the individual with a \$15,000 income will pay a total of \$3,496 in taxes, and the person with a \$30,000 income will pay a total of \$9,163 in taxes.

We are landing a haymaker punch at the self-employed people of this country, and the low- or middle-income self-employed people of this country.

Mr. President, who are these individuals? These people constitute the backbone of our country. Most farmers are self-employed individuals. Most farmers are hit by this tremendous increase in tax liability.

We know that the real estate sales people have been particularly interested in the self-employment tax. They are certainly not doing too well in their business these days. Aside from them, the small contractor, the home repair person, the person who owns the corner grocery store, some of the most tenuous people in our society, economically, are going to be hit by a very significant increase in their tax liability.

We in the Senate recognized this problem and did our best to expand the credit that was recommended by the Commission and the credit that

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was in the House bill. We still would have hit these individuals with a very substantial tax increase. It was my view that we should have held the line in the conference, that we should have insisted on the Senate provision.

We did not do so. We came out with a pretty fair compromise in that we were closer to the Senate position than the House position in the conference. But the effect of this is very substantial on self-employed individuals. I point this out to the Senate because it is my judgment that in the very near future we are going to have to face up to this fact or we are going to be driving even more people who are now on the brink of bankruptcy over that brink.

Mr. BOSCHWITZ. Will the Senator yield for a question?

Mr. DANFORTH. I yield.

Mr. BOSCHWITZ. I believe the Senator has well expressed this provision in terms of dollars now. I believe the figure in the Senate bill was 3 percent for 1984.

Mr. DANFORTH. The Finance Committee bill was 2.9 percent in 1984 and the conference was 2.70.

Mr. BOSCHWITZ. And for 1985 and 1986?

Mr. DANFORTH. I will have to call on the committee staff for that; 2.3 in 1985 and 2.0 in 1986. That is the conference report.

Mr. BOSCHWITZ. What was it before?

Mr. DANFORTH. We went down to 2.1 in the Senate.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, the hour is late and I shall be brief. With the indulgence of my friends on the other side of the aisle, I should like to speak to my fellow Democrats on this side.

I wish to point out first of all that this bill passed the U.S. House of Representatives by a margin of 2½ to 1. Among the Democratic majority in that body, it passed 3 to 1. A Democratic leadership has been willing to cooperate in this singular bipartisan effort to save the single most important domestic program our party has ever brought this Nation. None other than JENNINGS RANDOLPH, if he will forgive the personal statement of his name, who spoke on this floor, was on that floor 50 years ago when this legislation passed. None the like has ever passed either body and none is more singularly our heritage to preserve and pass on. By 3 to 1, our fellow Democrats voted for this.

Second, I say to you that this is not one subject matter. This is medicare, this is unemployment insurance. For the first time in history, we add a fourth tier of unemployment benefits for those who have exhausted their final Federal supplemental compensation benefits. The new programs begins when this bill is enacted; the

third tier, Federal supplemental benefits, expires March 31. Today is March 24. In 7 days, if we do not pass this, 738,000 working men and the families behind them will have their benefits cut off. We provide not only that they continue, but there is a reach back for those whose supplemental benefits have already expired.

I say to you, the fail-safe provision which my distinguished friend and my beloved chairman put into this provision was not accepted. But had we had the stabilizer, which during the long month at Blair House was replicated for the years 1977-82 the funds would never have been in any difficulty.

The stabilizer says that when the funds drop to a certain proportion of expected outgo during the year, you switch to the lower of price or wage increases for the adjustment in the benefit. That stabilizer, reduced to 15 percent, is moved up to 1985. We have been given the 1984 budget and now we have a stabilizer at 15 percent from 1985 through 1988, then its flips up to 20 percent and stays that way indefinitely.

I last say that, yes, we have put general revenues into this fund. We have done so for a period of, at a very diminishing rate, 7 years. The men who devised this arrangement in the 1930's expected it to be a one-third-one-third-one-third arrangement by now. We have had a very gentle infusion. And in a very short order, this particular set of funds goes into a major surplus.

This last Sunday, in the Washington Post, a respected journalist, Mr. John M. Berry, had a front-page article that went on at some length and which asked what the Federal Government was going to do with the surpluses this legislation would generate beginning in 1990? It is a problem to which the Senator from New Mexico could usefully address himself with more pleasure than with which he deals with the problems of this very moment.

We have a short-term problem we have resolved, a long-term problem we have dealt with with a high order of bipartisan competence. It passed the House of Representatives 2½ to 1—243 to 102. A Democratic measure—if Jennings Randolph were on that floor tonight as he was 48 years ago, he would have voted for this bill, would he not, sir?

Mr. RANDOLPH. My friend, I voted for the initial bill 48 years ago. It was a monumental document.

Mr. MOYNIHAN. Would you not have voted for it tonight, sir?

Mr. RANDOLPH. I will vote aye! I do so with the inner knowledge that I do right. It is a vote for people, our citizens of this great and good land!

Mr. MOYNIHAN. You never fail us. Let us not fail them. They happen to be the American people.

Mr. LEVIN. Mr. President, I have just one brief question for my friend from Kansas. One small important part of this bill added as set aside. By a small bipartisan effort, we added a

provision to finally, years later, assist widows who find themselves, after 20 or 30 years of raising kids and keeping house suddenly widowed. Because they are not yet 60 and they are not working, they have no social security benefits. We provided a very modest transition benefit of 6 months for those widows 55 years or older. It costs only \$25 million. I have two questions for my friend from Kansas.

One is, Did the House conferees refuse to accept our provision in this matter?

Mr. DOLE. I say to the Senator from Michigan that the House conferees did refuse to accept that provision. I can also say that the record will reflect that on two occasions the Senator from Kansas raised that specific provision and indicated that it was important to the Senator from Michigan. On the last occasion, the chairman of the conference and the chairman of the Social Security Subcommittee, Representative PICKLE, promised the conference and everyone there that they could not accept this provision or the dropout year provision which was added by the distinguished Senator from Colorado. However, they promised that, along with other issues dealing with discrimination against women, they would soon be having hearings on the broader issue of the treatment of women under social security.

Mr. LEVIN. The second question is, Can I count on the chairman's support on future efforts in this?

Mr. DOLE. The answer is unequivocally yes.

Mr. LEVIN. I thank the Chair and commend him on his efforts. The problem here is so tragic and so stark, we must step up our efforts to correct it.

Mr. DOLE. Mr. President, I would like to point out to the Senators from Michigan and Colorado, who are concerned about the absence of certain provisions for women, each of the four equity provisions recommended by the National Commission were adopted. In addition, the conference report included a modification that will provide great relief for older women on social security survivors or dependents benefits who also receive a public pension. Next July, they would have suffered a \$1 for \$1 reduction in their benefits on account of their other public pension. The conference report will provide for a one-third disregard of the public pension—elderly spouses and widows and widowers will only have two-thirds of their pensions offset.

Mr. DOMENICI. Mr. President, I wish to ask the Senator from New York a question and I do not ask this question to in any way prejudice the conference report before us. There is a significant difference between the fail-safe and the stabilizer, as I see it, in that the fail-safe is measured in terms of going below the reserve. The stabilizer—I do not know where the word

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came from—but it is not measured against the reserve. As I read the bill, either CPI or wages, whichever is lower, you get but you could still go below the reserve. So it is not a fail-safe, it is merely saying if CPI is lower than wages, you get the lower if the reserve is too low. But it is not attached to keeping the reserve. You could go below the reserve, accepting the lower of the two, as I understand it. Is that not correct?

Mr. MOYNIHAN. The Senator is correct in that very technical sense. The stabilizer—the word came from the distinguished Chairman of the President's Commission, Mr. Greenspan. It is triggered by the reserve and the language added by the House Members is that when it goes below 15 percent for this 4-year period, then 20, the trustees are to automatically go to the lesser of the two indices and report in writing to the Congress as to what other, if any, measures are required.

Mr. ARMSTRONG. Mr. President, will the Senator yield to me briefly?

Mr. DOMENICI. I am pleased to yield.

Mr. ARMSTRONG. I want to point out that while I favor the stabilizer provision, it will have absolutely no effect whatsoever on the stability of the fund or the ability of the fund to meet its projected payments during the balance of this decade under either of the two economic scenarios, that is, 2(b) and 3, which were under consideration by the Finance Committee and by the National Commission. It is a worthy provision, it is a useful provision, but it is irrelevant to the question of whether or not we are going to make it through 1985, 1986, and 1987, according to the staff director of the National Commission on Social Security Reform with whom I have discussed this matter tonight.

Mr. DOMENICI. I say to the Senator, I understand that very clearly and I think that is why I asked the question, not because that should be the conclusive issue but "stabilizer" somehow sounds like—

Mr. ARMSTRONG. It sounds better than it is.

Mr. DOMENICI [continuing]. Fail-safe.

Mr. ARMSTRONG. Exactly.

Mr. DOMENICI. The point I was making is they are not the same because as the Senator has indicated, even if you go with the lower of the two, it is not triggered up against preserving a reserve but, rather, triggered up against making a report that you are in trouble, as I understand the bill.

Mr. ARMSTRONG. That is right.

Mr. DOLE. Will the Senator yield briefly?

Mr. DOMENICI. I am pleased to yield.

Mr. DOLE. I do not think the fail-safe is fail-safe either. We can argue semantics all night long, but if you reduce the COLA to zero with the fail-safe and the fund still does not have

enough money to pay the checks, it is obviously not fail-safe. This is all sort of a semantic game.

I must also say that the same actuaries being cited tonight for forecasts were the same ones who told us in 1977 that we did not have a thing to worry about for 40 years. Now, if they are the same actuaries the Senator from Colorado is relying on tonight, I think one is the same one I relied on this afternoon. I hope he gave me accurate information when he told me this afternoon that the stabilizer as modified was a good trade. That was his statement to me.

Mr. ARMSTRONG. Mr. President, if the Senator will yield, it is not my purpose for a second to dispute the value of the stabilizer provision but only to underscore, as the Senator from New Mexico said, that it has a different function.

I had not intended to get into a detailed explanation of this. But under both economic scenarios which were within the contemplation of the Commission and the Finance Committee and the Ways and Means Committee and the House and the Senate, it is anticipated that wages will rise more rapidly than prices and since that is the case the so-called stabilizer would have no effect.

Now, if some different set of economic conditions prevail than any than were considered, it is conceivable it would have some effect but under the conditions which we deemed as the outer parameters of what we would think about in preparing this bill it would not have any effect. It is, nonetheless, a worthwhile provision.

Let me also emphasize to the Senator—I said it earlier but I want to say it again—that I am not predicting the trust fund will go broke in 1985 or on any other particular date. My bottom line for support of the bill was a reasonable assurance, not an absolute, ironclad guarantee, but the assurance that a trustee would expect a prudential assurance, a coverage of all reasonably foreseeable circumstances—not every manageable circumstance but just what can be reasonably foreseen by people who see themselves as the trustees of a system that we have got the job done. Last night's bill did that. In my opinion and in the opinion of experts, there is a significant possibility—I quote, "a significant possibility"—that the bill in its present form will not fulfill that requirement.

I am not willing to take that risk but I do not predict that we are going bankrupt in 1985 or 1986, just that there is a significant possibility that we will not be able to make ends meet, and that is not good enough after all we have been through.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, having distinguished between the stabilizer and the fail-safe, I think it is only fair to say that from the standpoint of possibilities, I agree with the

distinguished Senator from Kansas with reference to the fail-safe provisions. They are fail-safe with respect to getting down to no COLA at all, and then if you have to go below it, obviously you would be in a state of reserve bankruptcy. The fail-safe only provided for adjusting the cost of living. It did not provide for going below it. So in that respect I did not mean to imply to the contrary, and I indicate in my opinion he is correct in that observation also.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, if the managers of the bill are prepared to do so, I am prepared to suggest that time has arrived when we should go ahead and put the question to the Senate. Mr. President, I make only these general observations and do so briefly at 1:25 in the morning.

I do not recall in my years in the Senate ever seeing the Congress of the United States pass a bill that we agreed was perfect. I do not recall one that I have ever seen that I was wholly pleased with. Some I like better than others. But I really do not think it is in the nature of representative government that we often achieve perfection.

It is the genius of this system perhaps, though the Republican concept in general, that the very pluralism that puts us here in the place of trust guarantees that there will be an exquisite diversity of opinions and ideas that will result in something that is essentially unsatisfactory in some respect to virtually every Member of Congress.

I acknowledge the reservations, I respect the concerns that Members have about this conference report.

Mr. President, I believe there is a broader and deeper perspective at hand. In the course of our history, there are times when the country demands that we do something—in civil rights, in national defense, in environmental legislation. Whatever it may be, in its own inimitable, unmistakable way, the people of this country gather up and demand that we do something to correct, to innovate or to change the status quo. I believe this is such a decisive moment.

I think the country is telling us to get on with the business of fixing the social security system. I do not think the country is telling us we have to do all of it tonight. I think they understand that we understand we are going to do the best we can but we will come back for another bite. There will be other bills. There will be the inevitable cleanup hitter. There will be the corrections that have to be attended to next month or the month after that or in the next session because, Mr. President, we learn from our experience. But there is a fundamental responsibility to deal with the demand of the Nation to deal with this issue.

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Mr. President, if the Congress of the United States fails to do so, I believe we will incur the wrath of the Republic. If the bipartisan Commission appointed by the President and the collective leadership of the Congress can subordinate their differences and produce a virtually unanimous report, then surely the country has the right to expect that we will implement it. If the House of Representatives on both sides of the aisle can adopt this imperfect vessel as the best effort of this Congress at this time, then surely we should take account of the responsiveness of this body in attending to the needs of the Nation.

This is not a perfect bill, Mr. President. But we are not a perfect body. This is not the last word to be spoken, Mr. President, but is the first best effort that we can make at this time.

Mr. President, I urge that the wrath of the people of this country will not come down upon the head and shoulders of this Senate for failing to attend to the clear responsibility that the Nation is asking of it.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. I thank the distinguished majority leader, and I will just take 1 minute to say as sincerely as I can that every major provision recommended by the Social Security Commission is in this bill, every major provision unchanged, every major provision.

The bill that left the Senate last night was \$9.3 billion short in the short run and 0.2 percent of payroll, almost \$3 billion a year, in the long run—the next 75 years. The actuaries tell us that the bill we brought back is actuarially sound in the short term and long term.

I say, as just one member of the Commission, that we have done a lot of work on this proposal. As the majority leader said, it is not perfect. We have 7 years to address the earnings test, for example, if the Congress desires to go further in this area. It does not take effect until 1990. We have a bit of the alien piece too, and that is enough to sustain it. We will be happy to have additional hearings and work in that area. If anything is not quite satisfactory, we have time to make changes.

My point is that every major provision—the taxing of benefits, the COLA adjustment, the acceleration of payroll taxes, the expansion of coverage—in this case, to Federal workers—is almost identical to the recommendations of the bipartisan Commission. These recommendations were endorsed by the President of the United States, endorsed by the Speaker of the House of Representatives, endorsed by the majority leader of the Senate, and endorsed by liberals, conservatives, Republicans, and Democrats all across this country.

I say to my colleagues that I think it would be a tragedy if—just because ev-

erything was not perfect and did not suit every Member of this body—we say that we cannot take this package. There is nothing wrong with this package. If you supported the Social Security Commission recommendations, they are in this package, plus a lot of other things, as pointed out by the Senator from New York.

We have a massive medicare prospective payment program that I think is a good one. We have an unemployment compensation program in this package. It is essential that it start on April 1 of this year, with special provisions for a number of States because they deserve special consideration.

I say to my colleagues that if we failed to do our duty in the conference, then the Senator from Kansas will accept the responsibility, but let us not punish the American people for a shortcoming that may have occurred in the conference. I do not think it occurred. I am certain many could have done better.

I suggest, as the majority leader has, that we adopt the conference report. We are going to meet again on social security. I have never stood on the floor or in public or privately and said this package is going to last for 75 years, but I am convinced that it can last until 1990; and that we can have surpluses in the retirement fund in the 1990's. Let us give it a chance.

Again, I thank my colleagues for tolerating this debate at this late hour, but I think it is essential that we get on with this tonight.

The PRESIDING OFFICER (Mr. STEVENS). The question is on agreeing to the conference report.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. Mr. President, although I intend to vote for final passage of this conference report, I do so with great reluctance. In my opinion, this package is unfair: many of its provisions are absurd. There is however, no other available alternative.

To vote against this package, therefore, would be irresponsible. The social security system must be saved. I will vote "aye," but I feel that I must first express my strong reservations.

As Chief Justice John Marshall said in the 1819 case of McCulloch against Maryland, "[T]he power to tax involves the power to destroy[.]" Well, we have certainly demonstrated this fact with this bill. This Congress has used its power to tax to destroy the economic well-being of millions of Americans. This Congress may have saved the social security system, but it has done so at tremendous, unnecessary costs which will be borne not by the rich, not by the well-to-do, but by the hard-working middle-class American taxpayer.

Allow me to detail just a few of the more ridiculous provisions of this bill, a few of the more onerous requirements imposed by this legislation.

First is the cruel burden this bill imposes upon our Nation's philanthropic organizations, the nonprofit charitable organizations which are the very backbone of America's private sector. These organizations exist on shoe-string budgets. The employees—when they are paid—are generally low-income workers. These institutions are barely making ends meet now. Yet here we come, imposing new economic burdens that may force many to close their doors, to cease the good work they now do. Employees may be laid off and those who are not will have their take-home pay substantially reduced. Why is this happening? Because this Congress has ruled that employees of not-for-profit organizations must be included in the social security system now. No phase-in period will be allowed. No exception will be granted. No transition period will be provided. We will reduce the ability of America's philanthropies to continue their full efforts to help this Nation's poor and needy.

A second example of an unwarranted provision in this legislation is even more ridiculous. In fact, it is just plain stupid. In order to save the social security system, we need to raise tens of billions of dollars. Yet, in an effort to raise a measly \$5 million over the next 7 years, we have imposed additional costs on State and local governments that will run anywhere from \$240 million to \$1 billion each and every year. A letter I received from the Municipal Finance Officers Association estimates the annual cost to States and municipalities at \$725 million, nearly 1,000 times more than the annual revenue which will be raised as a result of this just plain silly provision.

You may ask me, to what section of the bill am I referring? I am talking about the requirement that interest on tax-exempt municipal bonds will be included in an individual's gross income when determining whether he or she exceeds the income level at which one-half of the received social security benefits become subject to Federal income taxation. By including tax-exempt interest in this calculation we may push a few individuals over the limit and thus recover a few dollars for the trust fund by taxing their benefits, but the very fear that this provision will place in the hearts and minds of those investors who purchase municipal bonds will drive up the interest rates that our municipalities must pay to market their securities. The municipal finance officers with whom I have spoken have estimated this increased interest cost at anywhere from 25 to 250 basis points, in other words, at anywhere from one-quarter of 1 percent to 2½ percent in additional interest.

Simply speaking, this is lots of money. And you know as well as I do who will ultimately pay these increased municipal financing costs: None other than the middle-class

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property owner. The ultimate source funding for most municipal interest payments is the property tax. Thus, to raise an additional \$5 million in revenue for the social security trust fund over the next 7 years, we have increased the property taxes of homeowners across this Nation by \$240 million to \$1 billion each and every year.

And who, you may ask, will receive these increased interest payments? Who will reap this windfall? Not the Federal Government. Not social security recipients. Remember, we only raise \$5 million from this provision. This windfall will accrue to none other but the wealthy investor in municipal bonds! This windfall will go to those very individuals who some in this Chamber feared might escape without paying a few measly dollars in income tax on their social security benefits! Sometimes the workings of the legislative process boggle the mind. This is one of those times, for this provision can be described as nothing less than incredible.

A third flaw in this legislation is the limits at which social security benefits become taxable: \$25,000 for an individual and \$32,000 for a couple. We have provided no phase in. We have built in no progressivity. We have simply specified a cutoff. If you are below, even by one dollar, you pay no tax on your benefits. If you are above, whether by one dollar or \$1 million, you have half of your benefits taxed. Thus the marginal rate of taxation is highest on the middle class, those with incomes only slightly over the limits. The more you earn, the lower your marginal rate of taxation on social security benefits becomes. I, for one, can simply not fathom the logic in this provision.

Another problem with this bill is the way that new civil service employees have been thrust into the social security system. This may be a quick fix for social security, but what does it do to our civil service retirement system? Again, we have provided no transition. Again, we have no plan on how we will deal with the future. Social security must be saved. Does this mean that we must destroy the civil service retirement system to do it?

The self-employed are also treated cavalierly by this bill. "Raise their taxes, they can afford it" seems to be the prevailing opinion around here. But this is not true. Not all of the self-employed are doctors, lawyers, or heads of thriving businesses. Most, in fact the vast majority, are hard-working, middle-class American taxpayers barely making ends meet. We have here imposed a vast new burden on the shopkeepers of America, on the skilled artisans of America, and on those individuals who would rather be their own boss than work for another, even if it meant they would have to get by on less money. These are the people whose taxes we have increased with this legislation.

In this bill we have overused our power to tax. We have misused our

power to tax. In many cases we have imposed the tax burden inequitably and on the wrong people. We may have saved social security, but at a tremendous and misplaced cost.

At the beginning of my remarks I stated that I would vote for this conference report, and I will do so despite all of its faults. To do otherwise would be irresponsible. There is no other alternative. No one here believes that if we defeated this legislation that Congress would bring forth a better bill. In fact if this conference report is defeated, there might very well be no bill at all, and this alternative is totally unacceptable.

Thus, Mr. President, with great reluctance, I will vote in favor of this conference report.

**MR. LEAHY.** Mr. President, every day this Congress debates legislation of significance to some element of our economy, some segment of our society. The legislation before us today—to preserve the integrity and insure the solvency of social security now and in the future—affects our entire economy and three-quarters of this Nation's population, 110 million workers and 36 million retirees. This is one of the most important measures which this Congress or any Congress will ever consider.

The National Commission on Social Security Reform in late 1982 took a great step toward restoring public confidence in social security by achieving a bipartisan consensus on the dimensions of the financing problems facing the system. Since that time, both the Senate and the House have acted swiftly, and in a bipartisan fashion, to achieve legislative compromise.

The Congress goal has been to guarantee the ultimate stability of social security and the ability of retired workers to maintain a decent standard of living. The Congress goal has been to insure that no single segment of our population—the elderly and disabled, today's employers and workers, tomorrow's retirees, solely bear the burden of resolving the system's financial condition. The Senate, in adopting all of the recommendations of the National Commission on Social Security Reform, and acting to eliminate both the short- and long-term deficits projected for social security, has achieved these goals.

But these are not goals which are achieved without pain. I oppose, as do many other Members of Congress, many of this legislation's individual provisions. And I have voted in favor of amendments to make further improvements in it. This legislation contains elements which are abhorrent to advocates for the elderly. It would delay until January 1, 1984, the cost-of-living increase due in July of this year. The legislation contains elements which are abhorrent to advocates for the Nation's small business men and women. It would increase the tax on the self-employed for both social security and medicare health insurance. It

increases taxes to employers and employees in a time of economic recession. And it would include new Federal employees under the social security system beginning in 1984, a change which I voted against.

Why, then, could I vote in favor of final passage of this legislation? For several reasons. First, without it, there could be no social security system. If no action is taken, in just a few months, benefits could no longer be paid out to the Nation's retirees. Every minute of every day, the system goes \$17,000 further in the hole. One hour from now, it will be \$1 million more in debt. The National Commission on Social Security Reform has reported that between \$150 and \$200 billion is necessary to meet our obligations to retirees between now and the end of the decade. To insure payments to future generations of retirees, a long-term deficit of \$6 trillion must be closed. This legislation closes both deficits.

The second reason I could support the overall package approved by the Senate Finance Committee is that it asks for a shared sacrifice. It is not a perfect balance, but, overall, it calls for a just division of responsibility to guarantee the viability of social security. The bill before us asks current and future retirees to contribute. It asks the self-employed, current and future workers to contribute. Federal workers, for the first time, will be asked to contribute to social security. One-third of the revenue needed to shore up social security would come from coverage of new employees, another third from tax increases, another third from a change in benefits for retirees.

Third, the only alternative methods of improving the condition of social security are far worse than those recommended by the Commission and adopted by the Senate Finance Committee.

Some Members of Congress favored resolving social security's problems primarily by cutting benefits to the Nation's retirees. I vehemently opposed those efforts. An amendment was offered to delay until 1985 any cost-of-living adjustments to retirees. An amendment was offered to eliminate any social security tax increase whatsoever, and to require beneficiaries to make up the \$40 billion loss in benefit cuts. Amendments were offered to immediately advance the age of full retirement under social security from 65 to 68, with a reduction in benefits for those forced to leave the work force before the age of full retirement. I voted against each of those amendments and am pleased that the Senate overwhelmingly disapproved them.

Other Members of Congress favored resolving social security's problems through even higher taxes than those approved by the National Commission on Social Security Reform. If taxes alone were used to meet the long-term

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deficit, by the year 2035, the combined social security and medicare tax rate would be 98 percent of income. I am pleased that the Congress rejected any effort to increase taxes beyond the increases already approved by the Committee.

Still others have suggested allowing the social security system to continue to borrow from the trust funds for the medicare health insurance program and disability insurance. To do so would bankrupt all three funds by the middle of next year. That is dislocation, not resolution. The Congress could have required coverage under social security of all current Federal employees. Fortunately, it did not. The committee could have also taxed all social security benefits, as most private pensions are taxed. It did not. Any other means of addressing social security's problems would have forced one segment of our society to suffer disproportionately.

The fourth reason I could support this package is that it contains several very beneficial provisions to assist the low-income elderly, to somewhat alleviate the tax burden on employees, and to eliminate disincentives to the employment of elderly individuals who want to work.

The legislation before us would allow an additional payment of \$20 to individuals and \$30 to couples who, because of their low income, qualify for supplemental security income. For the poorest of the elderly, the additional funds will compensate fully for the delay in social security cost-of-living adjustments.

Elderly women who are widows account for two-thirds of all the elderly living below the level of poverty. They are assisted by several provisions in this legislation. Greater benefits are proposed for divorced or disabled widows and widowers who remarry. Divorced spouses for the first time will be able to claim benefits based on their former spouse's retirement record, even if the former spouse has not yet claimed those benefits.

As I have mentioned, there are many provisions in the social security package which I strongly oppose. During the Senate's debate, some of these provisions were taken out, some were not. The legislation approved by the Conference Committee would require the inclusion of new Federal employees under social security beginning in 1984. I voted against this change. Senator Lowe offered an amendment in the Senate which would have required the Congress to enact a supplemental civil service retirement program before including Federal employees under social security. Senator Lowe's amendment, I would point out, would have required the immediate inclusion of Members of Congress under social security even if a supplemental plan was not enacted. The amendment was a reasonable one. The amendment would have allowed the Congress to determine how the solvency of the

civil service retirement program could be affected by this change before mandating coverage of Federal employees. I am deeply disappointed that the Conference Committee rejected this compromise.

Other provisions in the Senate bill would have assisted elderly Americans who work and who are receiving social security benefits. The legislation approved by the Senate would between 1990 and 1994 have eliminated the so-called earnings limitation. Under current law social security benefits are reduced by \$1 for every \$2 earned in excess of approximately \$4,800. Many elderly Americans who have chosen to continue working or who are forced to work because of the inadequacy of their benefits have been needlessly penalized by this earnings limitation. The committee acted wisely in eliminating the earnings test. But this provision, regrettably, was not adopted by the Conference Committee. The conference agrees only to slightly increase the overall amount which could be earned before reducing benefits. Beneficiaries would lose \$1 in benefits for every \$3 earned above approximately \$4,800. This is inadequate.

Despite the conference committee's decision in this matter, despite all the concerns which I have about individual elements of the social security package, it is my duty, it is the duty of the entire Congress to adopt this legislation to insure the solvency of the social security system now and in the future.

Mr. President, in 1940, an elderly Vermont woman, Mrs. Ida Mae Fuller, received the first social security check ever issued. Social security, the greatest social program devised by this or any other nation, has endured for more than four decades. It was there for Mrs. Fuller. It was there for her descendants. It shall endure for decades to come. That is what this legislation insures.

I applaud the members of the National Commission on Social Security Reform for working in a bipartisan fashion to recommend solutions to the problems facing the social security system. And I applaud Members of both parties in the Congress for agreeing to the Commission's recommendations. This landmark legislation reaffirms and strengthens this Nation's commitment to those who are elderly today, those who will be elderly tomorrow.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. NEOW. Mr. President, will the chairman of the Finance Committee please respond to my earlier question, which he indicated he would respond to, about the provisions that I understand were knocked out on the payment of social security to aliens? I am sure he wanted to give me an answer.

Mr. DOLE. I have given the material to the distinguished Senator from Iowa.

Mr. President, I will state what the conference agreement does, and then I will ask that we hear from the Senator from Iowa, who participated in those discussions. At this point, however, I want to satisfy the Senator from Nebraska.

The conference agreement would suspend the payment of benefits to any alien receiving benefits as a dependent or survivor of an insured worker, whether or not the worker is a U.S. citizen, when that alien beneficiary has been outside the United States for 4 consecutive calendar months. Alien auxiliary beneficiaries who could prove that they had lived in the United States for a total of at least 5 years during which their relationship with the worker was the same as the relationship upon which eligibility for benefits is based—for example, spouse, child, parent—would be exempt from the suspension of benefits. Children would be deemed to meet the 5-year residence requirement if the residence requirement could be met by the child's parents.

That deals primarily with dependents.

Now I will yield to the Senator from Iowa, who, in addition to the Senator from Nebraska and the Senator from Oklahoma (Mr. NEWMAN), had an interest in this matter. Although we did not get all we wanted, I thought we had satisfied some of their concerns. I regret that I had not called the Senator from Nebraska personally.

Mr. GRASSLEY. Mr. President, the Senator is correct. We had raised three areas of concern in this bill dealing with aliens, and one of the three was taken care of—and even more adequately taken care of than in the bill that passed the Senate.

The one area of illegal aliens suggested by the Senator from Oklahoma (Mr. NEWMAN) was dropped by the conference. I hated to have it dropped, but it was dropped because of not having enough support on the House side, because the Representative from Texas (Mr. PICKETT) had promised hearings on that point of view. The Republicans and the Democrats on the House side were willing to go along with that promise to have that problem taken care of later.

Then we had the problem of the worker nonresident alien, who we took care of on the Senate side by denying him any income from social security beyond the amount of money he paid in, plus interest. On that point, I, too, am disappointed that it was not included by the conference.

However, I will say this: Of all three problems, probably the one dealing with dependents and survivors is the one that is most costly, and that one has been dealt with, and even dealt with more adequately in the conference report than was dealt with by the provision as it passed the Senate.

So I am one of those—like many others here—who are not totally satis-

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fied with the way the conference committee dealt with my contribution to the package. But here, again, it is something. We have never dealt with these issues before. It is a start, and we hope there will be greater accomplishments down the road.

With or without provisions on aliens, I am going to support the provisions, because I am not going to let down the 36 million Americans who depend upon social security. Consequently, I am going to support the compromise.

Mr. President, we have finally reached that point when we must make a decision on the fate of the social security system. We are all aware of the hard work and bargaining that shaped this package. Once again, I want to compliment all the individuals who served on the Commission and their staff for their tremendous efforts. Without the foundation laid by the Commission report, I fear we would not now be within the grasp of final passage.

As I have indicated previously, I was dissatisfied with the original plan recommended by the National Commission. It left a third of the long-term problem unresolved, and placed far too heavy an emphasis on tax increases. We in the Senate Finance Committee were able to modify and supplement that plan until it was acceptable not only to myself, but to 17 of my colleagues. With further modifications, the bill passed the Senate by an overwhelming 88-to-9 vote.

With the arrival of the conference report we are at the end of that amending and fine-tuning process. We now have one last vote to cast. From the time the plan left the Commissioners' hands to the present, it has been shaped and amended to achieve the broadest possible support.

By way of the conferees' decision, we have moved up the effective date of the so-called COLA stabilizer, and have therefore provided a reasonable fall-safe plan. The Senate Finance Committee had adopted a prudent and fair fail-safe measure with Senator Long's committee amendment, but I can also lend my support to this alternative. Although the Senate had opted for a combination of measures to solve the long-term funding gap, I find the House's version of the retirement age increase to be acceptable.

I am able to support this ultimate plan for several reasons. While it still contains many provisions I could not support in isolation, it is obvious careful and precise negotiations went into the construction of such a compromise. I have outlined on numerous occasions those provisions I endorsed, and those which I found difficult to accept. I will not further elaborate on every provision and the merits of each. Suffice it to say that I am willing to vote for this plan in order to signal to every American that we are committed to social security and its preservation.

We have been playing politics with this issue for far too long. We have

caused a great deal of fear and uncertainty in the minds of a great many citizens and workers. We have let a good many Americans down with our past efforts in resolving problem areas in social security.

With the passage of this bill we can say to this Nation's elderly: "You will get your benefit checks." To the current workers, we can assure them that a plan will be there when it is their turn to collect.

No one is claiming this bill is a perfect plan, but it does meet both the short- and long-term needs in funding, and does so in a manner which causes every individual touched by social security to share in the sacrifices requisite to return the system to solvency. Those goals have guided my deliberations throughout this long process, and I am therefore able to lend my support to this social security package.

The PRESIDING OFFICER. The question is on agreeing to the conference report. The yeas and nays have been ordered.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I came here tonight truly undecided. I spent a few hours looking at the matter, and I think the majority leader is right. We should adopt the conference report. If it does not have everything we want in it, I think we have an ample opportunity to fix it.

I think those who are undecided ought to decide whether or not their precise and specific objection is worth as much as the social security system. That is the balance—a system that has served us well, and it is serving millions of Americans. If you look at it that way, I think you cannot come out any other way than to say that, with all our faults, we have come up with something relatively good in terms of trying to save the basic system on which so many people depend. I hope we will adopt the conference report.

Mr. BRADLEY. Mr. President, I know it is late, and I shall be brief.

I ask my colleagues before they cast this vote to think of the senior citizens that they have talked with in the last 2 years. Think of the faces that they have seen, the fear and confusion. Think of the looks that they have given you as a Senator in their belief that indeed you might make it right. Think of the workers that you have talked to in the last couple years, who have seen their taxes go up 363 percent since 1972 and heading higher, who do not believe you when you say indeed you think you can get a solution and might actually convince them that social security will be there when they are ready to retire.

Mr. President, social security is the best expression of community that we have in this country today.

This has been a long and painful battle. I hope the Senate tonight, though, will reaffirm the bonds of

that community and support this conference report.

Mr. STENNIS. Mr. President, I shall not detain the Senate.

Mr. President, let me comment that we had first-class debate here tonight. This is like old times. Both sides splendidly presented these major points of great concern and far-reaching consequences.

I sum up my position by just saying that I wish some of these provisions were better, but we have to have a plan that is sound and dependable, and I think the time has come, as the majority leader said, when we have to have it now.

The faults of this bill are human faults because we had some of the finest talent collected in modern times on this far-reaching problem.

I am glad to support the bill.

Mr. ABDNOR. Mr. President, today marks another historic moment in the history of the social security program. I commend my colleagues for reaching a consensus on this important issue. The task was not easy because widely varying views exist on the purpose and objectives of social security. I also extend my heartfelt thanks and gratitude to the members of the National Commission on Social Security Reform, whose leadership and courage forged the foundation of the legislation now before us.

In addition, many organizations have made substantive contributions to this legislative effort. Among them were the Employee Benefit Research Institute, American Enterprise Institute, American Association for Retired Persons, Heritage Foundation, Chamber of Commerce, and National Federation of Independent Business. I was impressed with the sound, sensible, and practical suggestions of these groups. Their involvement was constructive and provided valuable ideas.

Besides receiving information from these organizations representing people throughout the Nation, I also received suggestions and comments from hundreds of South Dakota citizens during the past year. Their input was very helpful and revealed to me the concerns and expectations of people of all ages and incomes.

The social security system has been in existence for almost 50 years. The program has survived many social and economic changes, and today resembles only partially the original plan. Our Nation places the elderly in prominence and high regard and has a strong social commitment to assisting disabled, and social security properly addresses those priorities. In the 1960's the need for health care assistance was recognized and medicare was created to attend to providing elderly and certain disabled citizens with medical services at reasonable rates. When our economy was subjected to inflation, the Congress benevolently protected social security beneficiaries with cost-of-living adjustments.

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None of these major changes is bad; on the contrary, providing income and health security to these citizens strengthens the economic and social framework of the Nation. It speaks well of the integrity of our society. What concerns me, however, is whether we as a nation can afford to extend further such generosity and charity. We Members of Congress must seek to answer important and arduous questions about what our economy can provide in benefits.

Twice in the past 6 years the social security system has been brought to its knees. Benefit payments have far exceeded contributions for years, the undisputed outcome being trust fund depletion. Before the 1977 corrections were adopted, a wave of insecurity swept over the elderly of America; the same disturbing occurrence is taking place today. I find it ironic that the Congress cannot quell the fears felt by the American public. What have we done to cause this, and what can be done to restore the confidence of the people?

We must be realistic. We must be truthful. We must restore this prominent social institution to accommodate our desires within our means. Economic and demographic forces are dynamic influences on the financial condition of the social security system, and we owe it to all Americans—both contributors and beneficiaries—to implement policies which are fair to everyone. We cannot escape the fact that a dollar more in benefits is a dollar more burden to the taxpayer. We must admit there is no "free lunch."

We cannot ignore the fact that the number of persons over the age of 65 is growing twice as fast as the population as a whole. We must accept the fact that in the future fewer workers will be supporting each retiree. Adjusted for inflation, a person retiring in 1980 can expect to receive \$7 in benefits for every dollar contributed. Even the 1980 retiree can expect to receive more than twice the amount in benefits than was paid into the system. No private pension plan gives retirees such an excellent return on investment. Where will the money for benefits come from then?

The answer is easy enough: today's taxpayer; it is just hard to admit. No longer is social security a "pay as you go" system. The initial employee payroll tax was a maximum of \$30 per year and stayed that way until 1950. Adjusted for inflation, that figure would be about \$120 today. But the average worker today is paying over five times that amount—\$1,000—in annual payroll taxes. Is it fair for today's workers to endure an ever-increasing burden to support our Nation's elderly? social security taxes were increased dramatically in 1977. In fact, one-fourth of American taxpayers now pay more into social security than they pay in income taxes. Despite these awesome taxes, the trust fund is still going broke. Tragically,

young persons sense the futility of their contributions. In 1981, a study indicated 70 percent of persons aged 18 to 29 doubted that their full benefits would be paid.

And, let us remember, the young of today are the elderly of tomorrow. Our obligation is no less to the elderly of tomorrow than to the elderly of today. After social security is put back on a sounder footing by our action today, I recommend that this body continue to pay attention to the issue of retirement income security. We have a strong nation comprised of strong people. Let us reevaluate the Government's role in retirement planning.

We are off to a good start already. In 1981 we provided a new incentive to save for retirement. What a great idea it was to allow all Americans to start individual retirement accounts. Millions of workers are also involved in pensions, Keogh plans, annuities and other saving and investment opportunities. In 1980 about 25 percent of all private sector workers participated in private pension plans. That figure is almost double today, and after the turn of the century, over 85 percent of all workers will be eligible for pension benefits. It is encouraging that more and more workers are wisely planning for the future.

The asset and equity base of retired people is solid and growing. Over 70 percent of all retired persons live in owner-occupied houses. In fact, 75 percent of retired home owners reported no mortgage on their residence. Savings, other financial assets, land and business ownership comprise other major assets owned by retirees. Over half of all social security beneficiaries have other sources of income; one-third have income sources which exceed their social security payments. The fact is most elderly persons have a secure financial future. Not surprisingly, 90 percent of all eligible workers opt for early retirement.

I mention this to stress the importance of regarding social security as a program to augment other retirement planning. The Government cannot provide everything for everyone retiring. For those who have not had the fortune of adequate preparation for retirement, this program offers additional assistance. Not by accident does social security extend a greater share of benefits to lower income households; it does so by design and with the support of the American people.

Nothing would do more to insure a bright outlook for social security than a healthy, growing economy. As our Nation's ability to produce increases, our standard of living increases as well, and as does our capacity to provide more to all facets of our society. As personal income grows, the payroll tax base grows. Since present taxes are paying for current benefits, our ability to provide those benefits is enhanced.

I am encouraged by the recent trend of Congress to devote more attention

to economic matters. We owe it to the American public to adopt Federal laws and fiscal and monetary policies which foster economic incentives and promote ample saving and investment. Through those actions future growth can be sustained.

The historical annual real growth rate of our economy since World War II is around 3 percent, but in the last 5 years our performance has fallen far short of that average. If our economy would grow by just 2 percent a year in real terms for 10 years, our wage and salary base would expand by more than \$300 billion. Most of the increase would be subject to social security payroll taxes, thereby improving the trust fund substantially.

As our economy recovers from the current recession, let us not forget the harm caused by the unfortunate side effects of inflation. All saving and investment pools—including the social security trust funds—cannot withstand another bout of inflation. Price increases depreciate the value of our savings and take away purchasing power from those on fixed incomes. Each one percentage point of inflation costs the trust funds an additional \$1.5 billion every year. Inflation can also erode the asset base of people saving for retirement. In 1980, elderly people possessed some \$4 billion in financial assets. Because inflation was 18.5 percent, most assets turned a negative rate of return; the net result was a deterioration in their financial picture. The uncertainty caused by inflation should not be tolerated in the future.

To insure the long-term solvency of social security, let us strive to maintain fairness to all. If our standard of living rises, let all share in the prosperity; but if economic problems befall America, let no segment of society bear a disproportionate share of the burden.

To protect the financial foundation of social security from economic uncertainties of the future, we must keep the program flexible. The so-called fail-safe provision to modify cost-of-living adjustments during periods of trust fund shortfalls is a fair approach to protect both beneficiary and taxpayer. This type of built-in flexibility can only strengthen the system.

I am not only optimistic about the future of America and social security; I am excited. We are rebuilding our economic base today and creating opportunities for tomorrow. Cooperation is the key to a successful future. We can keep our country strong by uniting people of all ages and incomes. Let us keep social security—a cornerstone of income protection—an institution we can believe in and depend on. The best way to accomplish this is to promote fairness and equity.

Again, Mr. President, I join my colleagues in supporting the legislation before us. On behalf of all citizens, we are sustaining one of the most worth-

while programs of the U.S. Government.

**LEGISLATIVE HISTORY FOR SOCIAL SECURITY  
COMMON PAYMASTER PROVISION**

● Mr. GORTON. Mr. President, I want to commend the conferees for their fine work on this vital legislation, and to comment on one of the Senate amendments which corrects an unintended double payment of the unreimbursable employers' share of FICA by the regionalized medical school for the States of Washington, Alaska, Montana, and Idaho.

The House and Senate bills and the conference report extend social security coverage on a mandatory basis to all employees of nonprofit organizations. As a result, employees of such organizations who are also employed by a State university of a State which has agreed to provide social security coverage to its employees under section 218 of the Social Security Act would have been, without this amendment, subject to unreimbursable double payment of social security taxes. Although present law prevents such double taxation where the employers of the same individual are related corporations—section 3121(s) of the Code—or are instruments of political subdivisions of the same State—section 218(e)(2) of the Social Security Act, there is no provision which would prevent double taxation where one employer is a nonprofit organization and another employer is an instrument of a State. Indeed, since exempt organizations up to now could voluntarily decide whether or not to participate in social security, such a provision was not needed.

By mandating participation in social security, the bill has eliminated the only mechanism to avoid double taxation and created the need to allow exempt organizations to have equivalent relief to that available through a "single paymaster" system.

The amendment is specifically designed to prevent double taxation where one employer is a State university medical school and the other employer is a related nonprofit organization which also employs faculty members of such medical school. At least 30 percent or more of the organization's employees must also be employed by such medical school.

Under the amendment adopted in the conference report, a State university and nonprofit organization which meet the stated requirements are considered to be related corporations under section 3121(s) of the Code. Furthermore, solely for purposes of section 3102, 3111, and 3121(a)(1) of the Code, a portion of the remuneration actually paid by the nonprofit organization from its own funds and on its own paychecks will be deemed to have been paid by the university. Such remuneration will not be subject to the section 3102 deduction from the employee's wages or to the section 3111 employer tax since employment by a State is not subject to social security

taxation under sections 3101, 3102 and 3111 of the Code. Such employment is subject to social security coverage only pursuant to section 218 of the Social Security Act and for the purpose of that section, a university meeting the requirements of this amendment will not be deemed to have paid any amounts actually paid by the nonprofit organization. Therefore, there is no question that the amendment does not affect the duty of a State university to report wages subject to social security or to pay or make a return of social security contributions.

The portion of remuneration paid by the related nonprofit organization, which is deemed paid by the university is that portion which, when added to the total amount of remuneration actually paid by the university during the entire calendar year, exceeds the social security wage and contribution base. If the employee by the end of the calendar year has been paid less than the wage and contribution base by the university, that part of the employee's remuneration from the nonprofit organization needed to bring his entire compensation up to the wage and benefit base will retain its character as wages paid by the nonprofit organization and therefore will be subject to the social security tax. If the employee by the end of the year has been paid an amount equal to or greater than the wage and contribution base by the university, then the entire amount paid by the nonprofit organization will be considered as paid by the university. Thus, where the employee's total wages from both the university and the nonprofit organization exceed the wage and contribution base, it is intended that social security contributions will be made in full on the base amount but will not be paid more than once. Similarly, where the employee's total wages from both sources do not exceed the base, social security contributions will be made on the full amount paid to the employee.

The determination of whether remuneration paid by the nonprofit organization, when added to remuneration paid by the university during the calendar year, exceeds the wage and contribution base will be made throughout the year as wages are paid to the employee. Any excess amounts deducted from an employee's wages by the nonprofit organization would be recovered by the employee under sections 31 and 6413(c) of the Code. Any excess amounts paid as an employer tax by the organization will be treated as amounts paid in error. Of course, the organization will be deemed to have sufficient knowledge of the error to be able to correct it with respect to each employee only when the organization has sufficient knowledge to be able to determine the total amount of the excess paid for the entire taxable year. Usually, the organization will have such knowledge in whichever of the following social security reporting periods occurs first during the year: The

period in which remuneration to date paid by the university to the employee reaches the wage and contribution base, the period in which the employee permanently terminates employment, or the last reporting period for the calendar year. Any overpayments of the employer tax will be the subject of a claim for refund or credit by the nonprofit organization in the social security reporting period in which the organization first has sufficient knowledge of the error to correct it or in the next subsequent reporting period. ●

● Mrs. HAWKINS. Mr. President, I want to join my colleagues in praising the 15 members of the National Commission on Social Security Reform, who contributed a great deal of their energy and valuable expertise to solving a very grave crisis in our country. In December 1981, President Reagan gathered together these experts to review the current and long-term financial condition of the social security trust funds, to identify the problems that may threaten long-term solvency of the funds, to analyze solutions to such problems, and to make recommendations to Congress. Such a major undertaking requires great skill, determination, and, above all, patience. While I do not concur with all their recommendations, I believe they should be commended for successfully accomplishing a mission once thought to be impossible.

I have always been a strong supporter of the social security program because of its spirit and intent. While Florida is the seventh largest State in terms of population, Florida ranks third in the total number of Social Security beneficiaries. In 1981, the total amount paid from retirement, survivors, and disability insurance trust funds was \$140 billion. Florida received \$8 billion of that amount, making Florida the fourth largest State in terms of social security receipts. I have consistently fought to insure that all elderly Americans are afforded the retirement they have earned. My record, during my first 2 years as a U.S. Senator, on this issue speaks for itself. I have never voted to cut or reduce benefits. I voted five times to restore the minimum benefit. I voted 12 times against any attempt to reduce, modify, or delay cost-of-living adjustment of social security, Federal, and military retirees. I voted to authorize interfund borrowing to insure that all social security benefits are paid in a timely manner. Last year during consideration of the first current budget resolution, I sponsored an amendment to insure Federal and military retirees a 4-percent COLA in 1983, instead of no COLA at all, as proposed in the budget resolution. Although my amendment was defeated on the Senate floor, the House and Senate conferees agreed to give these retirees a 4 percent COLA in 1983.

Thursday, after 6 days of debate on the social security reform legislation, I

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voted for H.R. 1900 as amended, reluctantly. This legislation, based on the Commission's recommendations, is a very fragile compromise. While there are some provisions with which I disagree, it does make many worthwhile reforms. But what really prompted me to vote for this bill was sheer necessity. If Congress did not act immediately to make some changes in the social security program, benefit checks would be delayed indefinitely. This is not perfect but I voted legislation because it will protect the social security for the time being. Some provisions are absurd but I cannot make perfect the enemy of the good.●

Mr. LEVIN. Mr. President, I am going to support the conference report on the social security package because it represents the best available hope of insuring the solvency of the system, both in the short and long run, and it contains critically needed provisions for the unemployed.

But as a compromise, it includes elements which, standing alone, I could never support. Raising the retirement age to 67 by the year 2027 risks imposing significant burdens on those workers who are engaged in strenuous activities. During Senate consideration of this bill, I supported the Bradley amendment which would have taken steps to soften the impact of increasing the retirement age on these workers. Unfortunately, it was not adopted. However, between now and the year 2000 when the phase-in will begin over a 6-year period to age 66, the Congress must monitor closely whether the improvements in health care are likely to be reflected in the increased stamina of workers in order to determine if increasing the retirement age is a realistic and humane goal.

Further, the tax increases which have been imposed on self-employed individuals, even after taking into account the tax credit designed to ease that burden, stretch to the limit what this segment of our work force can be expected to absorb. These tax increases, along with those affecting all other workers, only merit consideration when they are part of a package which have as its goal something as important as guaranteeing the solvency of the social security system.

In addition, the coverage of new Federal employees in social security without having first set up a supplementary pension system for them is a precipitous action. Fortunately, this coverage will not begin until 1984, leaving the Congress some time to address this situation in an equitable fashion.

These are just some of the concerns I have about this package. They are troubling. But there is for all of us one overriding concern—saving the social security system. It is primarily for this

reason that I am voting for the package.

Some further points. I am pleased to see that this legislation includes an extension of the Federal supplemental compensation program, which provides unemployment benefits on top of both the regular State benefits of 26 weeks and the extended benefits of 13 weeks for which some States are eligible. This program has been set to expire on March 31 and is now extended to September 30. In the first week of this session of the Congress I introduced legislation to extend the program until September 30, and I am pleased to see this proposal included as part of the package. Also, this bill contains up to an additional 10 weeks of unemployment benefits for those workers in Michigan who will have exhausted their Federal unemployment benefits by the end of this month. The people of Michigan, who are now enduring the 39th consecutive month of double digit unemployment need this extra assistance.

In addition, I was pleased to see that the conference report retains the amendment that I offered which will do away with the requirement that Michigan pay interest on the interest it owes for loans it has taken out from the Federal unemployment trust fund and on which it has deferred payment. This amendment will save Michigan \$11 million over the next 3 years. At a time of fiscal crisis on the State level, every little bit helps. For the same reason, I was also pleased to see that the package includes a reduction in the rate of interest charged on these loans for those States, like Michigan, which are willing to take extraordinary steps to improve the solvency of their State unemployment compensation programs.

I regret, however, that the conferees did not retain two other amendments which I offered and which were passed by the Senate. The first amendment which I offered with strong bipartisan support, would have given widows between the ages of 55 and 60 a transition social security benefit for 6 months so that they could have a chance to adjust to the death of their spouse and to the requirements of the work force, which they may be entering for the first time in 20 or 30 years after a lifetime of service to their husbands and families. I have been seeking action on the issue of the "widow's gap" since October of 1981, and I am indebted to Eva Baclawski, president of the Widows' Organization of Dearborn, Mich., for bringing this issue to my attention. The cost of this amendment was modest and well within the capacity of a solvent social security trust fund. I will be pursuing this issue again during the hearings before the Finance Committee which have been promised on this issue and am pleased that the chairman will be supporting my effort in this regard.

The second amendment which I offered but which did not survive the

conference pledged the full faith and credit of the United States in support of the payment of accrued benefits under the civil service retirement system to past and present Federal employees. Although my specific language was dropped in the conference, I am pleased to see that it gave the Senate conferees' leverage so that they could successfully insist on the language in the original Senate bill which contained some assurances to current and retired Federal employees that the House version lacked.

The conference report on the social security package has many flaws. If I had been able to, I would have done some things differently. But the social security system must be saved, and Federal unemployment benefits must be continued and improved. This package will help to do these things.●

● Mr. MOYNIHAN. Mr. President, tonight the Senate concludes its work on legislation that is, I believe, of truly historic significance. It is significant, I would suggest, not only because it was difficult to pass—though it was—and not only because the social security system's solvency is maintained—and it is—but because this Congress has demonstrated that it possesses the ability to govern.

Of late it seems to have become somewhat fashionable to denigrate our system of government—to suggest that Government, and not this or that program or policy, is, at bottom, the problem. I fear that some have forgotten just how precious a free and democratic government is. Tonight we have preserved one of Franklin D. Roosevelt's crowning achievements. But even more, we have come to grips with a politically explosive issue of great importance to tens of millions of Americans—and we have fashioned a successful compromise acceptable to the majority of both Houses. In so doing, we have demonstrated that our system of government deserves the respect and trust of the people it represents.

Mr. President, it is my conviction that the bill before us today is a fair and just compromise. It is very much like the set of recommendations approved by the National Commission on Social Security Reform, on which I have the honor to serve.

No one of the Commissioners was satisfied with every recommendation. No one of my colleagues here today is completely satisfied with every part of this legislation. But the final bill retains the basic elements of a package which the Washington Post has generously described as being "as close to absolute fairness as any social security revision can ever be."

The Commission report did not include a recommendation for solving all of the long-term social security financing problems. That was left to the Congress. The bill that we agreed to in conference raises the retirement age to 67 without cutting benefits as much

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as under the Senate version. In fact, whereas under the Senate version benefits would have been reduced by an amount equal to 0.8 percent of payroll, the final bill limits the benefit reduction to 0.68 percent. This, I would suggest, is a considerable improvement.

I would like to conclude by extending my heartfelt appreciation for the efforts of my colleagues who served with me on the Commission, and especially to the Senator from Kansas for his tireless work on the Commission, in the Finance Committee, and most recently in the House-Senate conference. A great many other people have devoted long hours and hard work toward an end that is finally in sight, and while I cannot thank each by name, permit me to extend my sincere gratitude. And to all my colleagues here with me today, I share with you in the pride of a truly historic achievement.●

• Mr. LAUTENBERG. Mr. President, I am pleased to vote for passage of the social security financing bill to implement the consensus recommendations of the National Commission on Social Security Reform. The recent financial problems of the social security system have placed benefit payments in jeopardy. I find it unthinkable that elderly and retired citizens should have to be concerned that their monthly social security checks will not arrive on time. The legislation which the Senate has approved assures that benefits will continue to flow for the rest of this decade and for a long time beyond that. It should lay to rest the fears and uncertainties of the people who depend on social security for their livelihood.

The recommendations of the National Commission on Social Security Reform were developed after a year of study and debate. They represent a compromise between conflicting points of view on the proper balance between the level of payroll taxes, the level of benefits, and the role of general revenues. Maintaining the integrity of the package of recommendations, keeping all the essential elements intact, has been crucial to the success of this effort to safeguard social security benefits. In general, my own views on the individual elements of the package have been guided by the need to keep the compromise from falling apart. I was not pleased with every provision in the bill, but I thought the package as a whole achieved the very important goal of stabilizing the social security system. Workers and beneficiaries alike have some unpleasant medicine to take; however the cure should be lasting. The system will continue to function and fulfill its unique mission of providing vital benefits to retired workers, widows, orphans, and disabled people.

From a program providing old age benefits to workers in a limited number of job categories, social security has grown to include workers in

virtually all jobs, and their spouses, children, and survivors. Benefits have also been provided for people who are unable to work because of a disability, and their families. These benefits are protected from inflation through annual cost-of-living adjustments. With 36 million beneficiaries and over 120 million workers paying taxes to support the program and build their own eligibility for benefits, no other Government program, except the mail, affects the lives of so many citizens. Social security has been a success; it must not be allowed to falter. The legislation approved by Congress today will continue to serve the needs of the elderly and the disabled today and tomorrow.

The major provisions of the bill include: Delaying the 1983 cost-of-living adjustment for 6 months, from July to January, with future annual adjustments coming every January; moving up payroll tax increases already scheduled for 1985 and 1990; taxing one-half the benefits of high-income beneficiaries; bringing new Federal employees, and the President, Vice President, current Members of Congress, and congressional staff—into the social security system beginning January 1, 1984; and increasing the tax rate on self-employed individuals to equal the combined rate of employees and employers. To offset the tax increase in 1984, a one-time tax credit equal to the increased payroll tax will be given to employees. The bill also includes several provisions which will not have an effect for a decade or more, including phasing out the retirement earning test for people 65 and older beginning in 1990, gradually increasing the credit for delaying retirement beyond the normal retirement age from 3 percent to 8 percent between 1990 and 2010, and gradually increasing the age for full retirement benefits to 67, beginning in the next century.

Mr. President, several features in the legislation provide safety valves if the economy does not do as well as projected and the system again needs some short-term assistance to meet its benefit obligations. An immediate lump-sum cash payment will also be made from the general fund of the Treasury to finance benefits provided for military service before 1957, instead of the annual payments that have been made in the past.

During the Senate debate on this bill a number of amendments were offered. One of the most controversial and difficult issues involved the question of including new Federal employees under the social security system and the related question of a supplementary retirement system for them. The bill before the Senate would have covered new Federal employees under social security, but made no changes in the existing civil service retirement system. As a result, new employees would be paying into both systems and receiving unnecessary duplicate coverage. Of strong and additional concern

to me is the future soundness of the civil service retirement system for current employees. Federal employees certainly have as much right to assurances that their retirement benefits will be paid in the future as do social security beneficiaries. The important considerations in my thinking about the Federal employees issue were the need to keep the social security package from falling apart and an absolute commitment to protect the current retirement system for Federal employees. With thoughts in mind, I voted for the amendment which would have allowed the new employees to defer payments into the civil service retirement system until a supplemental system could be developed. When this proposal failed, I supported the Long amendment to delay putting new Federal employees into social security until a supplemental plan is put into law.

Unfortunately the House version of the social security bill did not include protection similar to the Long amendment and the conference report resolving the differences between the House and Senate bills failed to include it either. I regret this inaction. Although the social security legislation does not address the concerns of current and future Federal employees about their retirement system in the years to come, Congress must not ignore this vital issue. I will do what I can to see that the concerns of these employees are given all due attention as soon as possible.

Another amendment considered by the Senate dealt with the age for full retirement benefits. The amendment, which was defeated, would have raised the retirement age to 68. I prefer that the age remain as it is in existing law, but I reluctantly accept the age 67 provision in the final bill. In return for raising the age to 67, the conference agreement has deleted a provision which would have slightly reduced benefits in the future.

Because of the increase in the retirement age, during the Senate debate, I supported the Bradley amendment to establish a special disability program to ease the effect of the increased retirement age on workers who are not healthy enough to continue working but are not ill enough to qualify for the regular social security disability program. This proposal was defeated.

Current workers will have to pay slightly higher taxes sooner than previously planned and beneficiaries will have to wait a few months for their benefits to catch up with inflation. The prospect of these changes will not be welcomed by workers whose taxes will go up or by those beneficiaries missing their benefit increase in July. However, these sacrifices are not nearly as undesirable as the alternative—which would be the failure of social security to pay its benefits on time. In addition, these changes are accompanied by some improvements in

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benefits and relief for taxpayers. All in all, I was pleased to support the bill which assures the continuation of the social security system.

**Mr. PROXMIRE.** Mr. President, there is one aspect of the prospective reimbursement system that I would like to discuss briefly with the manager of the bill and that is the matter of separate urban and rural reimbursement rates.

As I understand the bill, it provides a reimbursement rate for hospitals located in urban areas—referred to as SMSA's (Standard Metropolitan Statistical Areas) and hospitals located in rural areas often referred to as non-SMSA's.

The logic underlying that distinction is that the market basket of goods and labor purchased by hospitals in urban areas will be higher than those located in rural areas. Those assumptions have been challenged in some quarters and the conferees wisely requested the Secretary of Health and Human Services to study that question and report back to the Congress on the possibility of a single nationwide reimbursement rate in the future.

My concern is that, in the interim, there may be some extraordinary cases which would result from a rigid adherence to the SMSA/non-SMSA distinction, and would require remedy before we receive the Secretary's report.

For example, in my own State, Watertown Memorial Hospital faces a problem based upon a fluke of geography. Watertown Memorial is one of two hospitals, located just 12 miles apart, which draw their employees from the Oconomowoc labor market. Under the committee's bill, the one hospital, which is located just inside the SMSA line, would be reimbursed at the higher urban rate; Watertown Memorial which is located just outside the SMSA line, would be reimbursed at the lower rural rate. Needless to say, both hospitals face the same labor costs.

Thus, instead of properly recognizing and reimbursing higher labor costs as the SMSA/non-SMSA distinctions were meant to do, the system in this case inadvertently hurts one hospital while treating the other hospital properly.

I fully recognize that the merits of this case must ultimately be evaluated by the Department of Health and Human Services, Mr. President. That is only proper. But my question to the manager of the bill is this: Would the Secretary have sufficient flexibility under this bill to consider appeals such as this one?

**Mr. DOLE.** Mr. President, the answer to the Senator's question is the conferees recognized the fact that it was impossible to fully anticipate every exceptional or extraordinary case. That is why we adopted a House provision, enabling the Secretary, by regulation, to make such adjustments

or exceptions that the Secretary deems necessary.

While the Senator recognizes that I am not in a position to judge the merits of the case he has outlined, the Secretary would be given the opportunity to identify different types of adjustments and exceptions.

I would hope that the Department would use that authority very, very sparingly. Exceptions criteria should be carefully crafted to assure that hardship cases are given careful consideration without encouraging frivolous appeals by other hospitals.

**Mr. PROXMIRE.** Mr. President, if the Senator would yield on that point, I agree completely. This Senator would be the last one to support special interest exemptions to this new reimbursement system. The burden of proof must remain on hospitals to prove their case—clearly, forcefully, convincingly.

My sole concern is that during the transition to this new system that the Secretary have the flexibility to grant hardship exemptions if they are warranted by the facts. I am reassured by the Senator's comments that this is the case.

I thank the Senator.

**Mr. CHAFEE.** Mr. President, this social security measure does not please me totally just as it apparently does not please many others. I was opposed to increasing the age of retirement above 65 and voted against it in the Finance Committee. I likewise voiced my disapproval of increasing the retirement age in the conference committee this afternoon.

Nonetheless, this was the best bill we could get and we must pass this legislation in order to insure the solvency of the social security fund so it will be there to pay benefits for millions of current retirees and millions of future retirees.

The House was adamant on many provisions, including the retirement age of 67.

It is my fervent hope that what we have done in this measure will insure the social security fund's solvency for as long as we can foresee into the next century.

**Mr. STENNIS.** Mr. President, this bill makes a fair start and a step forward toward necessary reform of our social security system, but it is by no means a complete answer to the demands of our present industrial economy and the needs of our people generally.

In the course of this debate, I hope that all of us have obtained a far clearer view of our needs and the requirements of a fair system that can be properly maintained over the years. The debate has shown us that we must continue to have active congressional attention to the problem of the social security system each year.

We must continue to provide careful scrutiny to the operation of the system so that in the future we do not allow it to come as close to the point

of collapse as it has now. We cannot just leave it alone now that we have put together this reform package. We must continue to watch it and supervise it closely. Setting social security aside as a special function of the Federal budget will help us in this effort.

The Federal Government has an obligation to effectively police the entire social security operation. Effective management, sound administration, and careful surveillance of the entire system are essential. Just as we must detect and eliminate waste, fraud and abuse, so also must we insist on the best business management of the social security trust funds.

During the course of the debate we have heard differing projections about how much particular provisions of this legislation will cost. In part these figures will depend upon how well the system is managed, as well as upon how our economy performs. This merely points up the need for Congress to continue its oversight over social security in order to insure that the system remains solvent, that it stands on a sound financial basis, and that it is operated in a responsible manner.

Like most broad, sweeping departments or activities of Government, there are some elements of this measure that I do not favor. However, after a deep study during several months concerning the present shortcomings and conditions of our system, it is clear to me that some drastic changes must be made promptly. We must build the system on a more sound foundation and with adequate financing.

I accept and support the present bill in spite of its objectionable features because it is a new and sounder base for an improved social security system as a whole, and it can be further improved with proper attention and diligence by our present and future Congresses.

**The PRESIDING OFFICER.** The question is on agreeing to the conference report.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

**Mr. STEVENS.** I announce that the Senator from Oregon (Mr. HATFIELD), the Senator from North Carolina (Mr. HELMS), the Senator from Nevada (Mr. LAXALT), the Senator from Maryland (Mr. MATHIAS), the Senator from Alaska (Mr. MURKOWSKI), the Senator from Oregon (Mr. PACKWOOD), the Senator from Illinois (Mr. PERCY), the Senator from South Dakota (Mr. PRESSLER), the Senator from Indiana (Mr. QUAYLE), the Senator from Delaware (Mr. ROTH), the Senator from Vermont (Mr. STAFFORD), the Senator from Texas (Mr. TOWER), and the Senator from Connecticut (Mr. WEICKER), are necessarily absent.

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I also announce that the Senator from Arizona (Mr. GOLDWATER), is absent due to illness in the family.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER), the Senator from Alaska (Mr. MURKOWSKI), and the Senator from Connecticut (Mr. WEICKER), would each vote "yea."

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Florida (Mr. CHILES), the Senator from Arizona (Mr. DECONCINI), the Senator from Missouri (Mr. EAGLETON), the Senator from Colorado (Mr. HART), the Senator from Alabama (Mr. HEFLIN), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Hawaii (Mr. INOUE), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Ohio (Mr. METZENBAUM), the Senator from Rhode Island (Mr. PELL), the Senator from Arkansas (Mr. PRYOR), and the Senator from Maryland (Mr. SARBANES) are necessarily absent.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PELL) would vote "yea."

The PRESIDING OFFICER. Are there any Senators in the Chamber wishing to vote?

The result was announced—yeas 58, nays 14, as follows:

(Rollcall Vote No. 54 Leg.)

**YEAS—58**

Abdnor	Dole	Meicher
Andrews	Domenici	Mitchell
Baker	Durenberger	Moynihan
Baucus	Ford	Proxmire
Biden	Glenn	Randolph
Bingaman	Gorton	Riegle
Boschwitz	Grassley	Rudman
Bradley	Hawkins	Sasser
Bumpers	Hecht	Simpson
Burdick	Heins	Specter
Byrd	Humphrey	Stennis
Chafee	Jackson	Stevens
Cochran	Jepsen	Thurmond
Cohen	Kassebaum	Tribble
Cranston	Kasten	Tsongas
D'Amato	Lautenberg	Wallop
Danforth	Leahy	Warner
Denton	Levin	Wilson
Dixon	Lugar	
Dodd	Matsunaga	

**NAYS—14**

Armstrong	Hatch	Nickles
Boren	Hollings	Nunn
East	Long	Symms
Exon	Mattingly	Zorinsky
Garn	McClure	

**NOT VOTING—23**

Bentsen	Inouye	Pressler
Chiles	Johnston	Pryor
DeConcini	Kennedy	Quayle
Eagleton	Laxalt	Roth
Goldwater	Mathias	Sarbanes
Hart	Metzenbaum	Stafford
Hatfield	Murkowski	Tower
Heflin	Packwood	Weicker
Helms	Pell	
Huddleston	Percy	

So the conference report was agreed to.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, if I were not afraid that someone might laugh

at me, I would announce that there will be no record votes.

[Laughter.]

Mr. BAKER. Mr. President, there are certain other matters that need to be taken care of, but before I do that, I promised earlier today that we would keep the RECORD open so that Senators could insert statements.

Mr. President, I ask unanimous consent that Senators may submit statements relating to the social security conference report for the RECORD upon the reconvening of the Senate on April 5, until April 8, and that such statements be printed in the permanent RECORD prior to the vote on the adoption of the conference report.

The PRESIDING OFFICER. Without objection, it is so ordered.

**ADJOURNMENT UNTIL TUESDAY, APRIL 5, 1983**

Mr. BAKER. Mr. President, I have looked forward to this moment for some time. Before I move in accordance with the provisions of House Concurrent Resolution 94, I will first inquire if there is any other Senator seeking recognition. I see none.

If the minority leader is prepared to do so, I am prepared to adjourn.

Mr. BYRD. I am equally prepared.

Mr. BAKER. The minority indicates he is equally prepared.

Mr. President, in that event, in accordance with the provisions of House Concurrent Resolution 94, the Senate stand in adjournment until April 5.

The motion was agreed to; and, at 2:06 a.m., the Senate adjourned until Tuesday, April 5, 1983, at 12 noon.

**NOMINATIONS**

Executive nominations received by the Senate March 24, 1983:

**DEPARTMENT OF COMMERCE**

Alfred Hugh Kingon, of New York, to be an Assistant Secretary of Commerce, vice Raymond J. Waldmann, resigned.

**ACTION AGENCY**

Constance Horner, of the District of Columbia, to be Associate Director of the ACTION Agency, vice Lawrence F. Davenport, resigned.

**NATIONAL COUNCIL ON THE HANDICAPPED**

R. Budd Gould, of Montana, to be a Member of the National Council on the Handicapped for a term expiring September 17, 1985 (new position).

**IN THE COAST GUARD**

The following officers of the U.S. Coast Guard for promotion to the grade of commodore:

Capt. Theodore J. Wojnar, USCG  
Capt. Joseph A. McDonough, Jr., USCG  
Capt. Arnold M. Danielson, USCG

**IN THE NAVY**

The following-named officer to be placed on the retired list in the grade indicated under the provisions of title 10, United States Code, sections 5133 and 1370.

To be vice admiral  
Vice Adm. J. William Cox, Medical Corps, 497-30-3145/2100, U.S. Navy.

The following-named captains of the Reserve of the U.S. Navy for permanent promotion to the grade of commodore in the Line and staff corps, as indicated, pursuant to the provisions of title 10, United States Code, section 5912:

**UNRESTRICTED LINE OFFICER**

John Joseph Sweeney  
John Edward Love  
Kenneth Edward Myatt  
John Edward Summers

**SPECIAL DUTY OFFICER (CRYPTOLOGY)**

William Joseph Miles

**SPECIAL DUTY OFFICER (INTELLIGENCE)**

Robert Patrick Tiernan

**MEDICAL CORPS OFFICER**

John Duncan Tolmie  
James Glen Roberts

**SUPPLY CORPS OFFICER**

Philip Arthur Whitacre

**JUDGE ADVOCATE GENERAL'S CORPS OFFICER**

Robert Edward Wiss

**DENTAL CORPS OFFICER**

Edward John O'Shea, Jr.